

By Mr. NELSON of Maine: A bill (H. R. 6353) granting an increase of pension to Mary E. Adams; to the Committee on Invalid Pensions.

By Mr. NELSON of Missouri: A bill (H. R. 6354) granting an increase of pension to Fannie Branham; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6355) granting a pension to Amanda E. Wilson; to the Committee on Invalid Pensions.

By Mr. OLIVER of New York: A bill (H. R. 6356) granting a pension to Fredericka Tuttle; to the Committee on Invalid Pensions.

By Mr. RUTHERFORD: A bill (H. R. 6357) for the relief of Mrs. E. J. McCardle; to the Committee on Claims.

By Mr. SCHAFER: A bill (H. R. 6358) granting a pension to Cora E. Miller; to the Committee on Invalid Pensions.

By Mr. SEIBERLING: A bill (H. R. 6359) granting a pension to Kathryn Brown; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 6360) for the relief of Lincoln Wedel; to the Committee on Claims.

By Mr. STEAGALL: A bill (H. R. 6361) granting a pension to Stephen Swan Ogletree; to the Committee on Pensions.

Also, a bill (H. R. 6362) for the relief of Otto T. Faber; to the Committee on Claims.

Also, a bill (H. R. 6363) granting a pension to Walter M. Wilson; to the Committee on Pensions.

By Mr. TARVER: A bill (H. R. 6364) for the relief of James D. Poteet; to the Committee on Military Affairs.

By Mr. TEMPLE: A bill (H. R. 6365) for the relief of certain claimants for interest arising from delay in the payment of drafts and cable transfers of the American Embassy at Constantinople between December 23, 1915, and April 21, 1917; to the Committee on Foreign Affairs.

By Mr. THURSTON: A bill (H. R. 6366) granting an increase of pension to Lucinda E. Hollopeter; to the Committee on Invalid Pensions.

By Mr. TILSON: A bill (H. R. 6367) for the relief of Robert R. Prann; to the Committee on Claims.

Also, a bill (H. R. 6368) for the retirement of David W. Morgan under the act of May 24, 1928; to the Committee on World War Veterans' Legislation.

By Mr. UNDERWOOD: A bill (H. R. 6369) granting an increase of pension to Mary E. Baker; to the Committee on Invalid Pensions.

By Mr. WELSH of Pennsylvania: A bill (H. R. 6370) for the relief of Joseph Richard Kearney; to the Committee on Naval Affairs.

Also, a bill (H. R. 6371) for the relief of Andrew McGrath; to the Committee on Naval Affairs.

By Mr. WHITE: A bill (H. R. 6372) granting an increase of pension to Mary D. Maloney; to the Committee on Invalid Pensions.

By Mr. WOODRUM: A bill (H. R. 6373) for the relief of the City Developing Corporation, of Roanoke, Va.; to the Committee on Claims.

By Mr. CARTER of California: A bill (H. R. 6374) for the relief of Bertha Ross; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 6375) granting an increase of pension to Thomas M. Stroud; to the Committee on Pensions.

By Mr. McKEOWN: A bill (H. R. 6376) for the relief of William F. Bourland; to the Committee on Indian Affairs.

By Mr. PRALL: A bill (H. R. 6377) for the relief of New York Harbor Dry Dock Corporation; to the Committee on Claims.

Also, a bill (H. R. 6378) to correct the military record of John P. Birmingham; to the Committee on Military Affairs.

By Mr. SWING: A bill (H. R. 6379) for the relief of Thomas Francis Burke; to the Committee on Naval Affairs.

By Mr. THOMASON: A bill (H. R. 6380) for the relief of William Wehmeyer; to the Committee on Claims.

Also, a bill (H. R. 6381) for the relief of Escha Whittington Casey; to the Committee on Claims.

By Mr. WILLIAMS of Missouri: A bill (H. R. 6382) for the relief of Royce Wells; to the Committee on Claims.

By Mr. YON: A bill (H. R. 6383) granting a pension to Georgia J. Jackson; to the Committee on Invalid Pensions.

By Mr. BLACK: Resolution (H. Res. 71) appointing a special employee in charge of the clerks' document room, House Office Building; to the Committee on Accounts.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

173. By Mr. BURDICK: Petition of the Italian Republican Club of Newport, R. I., by A. Luistro, president; P. Pascale, vice president; and Felice A. Biello, secretary, urging the repeal of the eighteenth amendment and all laws enacted thereunder; to the Committee on the Judiciary.

174. By Mr. DRANE: Petition of citizens of Florida protesting any change in service of the radio stations of WSUN and WFLA, St. Petersburg and Clearwater, Fla., as contemplated by the Federal Radio Commission; to the Committee on the Merchant Marine and Fisheries.

175. By Mr. HARCOURT J. PRATT: Resolution of the board of supervisors of Columbia County, N. Y., recommending the actual appropriation by Congress of funds heretofore authorized to be appropriated for the purpose of enlarging the Federal post-office building at Hudson, N. Y., so that suffering from unemployment existing in Hudson may be alleviated; to the Committee on Public Buildings and Grounds.

176. By Mr. RAMSEYER: Petitions of sundry voters and taxpayers of the State of Iowa, urging a duty on oil; to the Committee on Ways and Means.

178. By Mr. TARVER: Petition of 37 ex-service men of Catoosa County, Ga., asking the immediate payment of the remainder of the adjusted-service compensation of veterans of the World War; to the Committee on Ways and Means.

#### SENATE

SATURDAY, DECEMBER 19, 1931

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Almighty God, who willest not that any should perish, but that all should come to repentance, give unto us, Thy children, grace, that we may cast away the works of darkness and put upon us the armor of light, for we wrestle not against flesh and blood but against principalities and powers, against the rulers of the darkness of this world, against spiritual wickedness enthroned in our midst. Raise up, therefore, Thy power and come among us, and with great might succor us, that this Nation may be able to stand strong and steadfast in the face of all adversity, her loins girt about with truth, having on the breastplate of righteousness, her feet shod with the preparation of the gospel of peace—the vesture of Him who at Thy right hand maketh intercession for us. Who then shall separate us from the love of Christ? Shall tribulation or distress or persecution or famine or nakedness or peril or sword? Nay; in all these things we are more than conquerors through Him that loved us. For we are persuaded that neither death nor life nor angels nor principalities nor powers nor things present nor things to come nor height nor depth nor any other creature shall be able to separate us from the love of God which is in Christ Jesus, our Lord. Amen.

#### THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 147) to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933, in which it requested the concurrence of the Senate.



The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 4), in which it requested the concurrence of the Senate, as follows:

*Resolved by the House of Representatives (the Senate concurring), That a joint committee consisting of three Members of the House of Representatives and three Senators, to be appointed by the Speaker of the House of Representatives and the President of the Senate, respectively, is authorized to make suitable arrangements for a fitting and proper celebration in the House of Representatives on February 22, 1932, of the two hundredth anniversary of the birth of George Washington.*

#### INTERNATIONAL PARLIAMENTARY CONFERENCE ON COMMERCE

The VICE PRESIDENT laid before the Senate a communication from the Secretary of State, transmitting, for the information of the Senate, a copy of a publication in the French language giving a complete report of the session of the Seventeenth Plenary Assembly of the International Parliamentary Conference on Commerce, which, with the accompanying report, was referred to the Committee on Foreign Relations.

#### DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, a list of papers, documents, etc., in the files of the Treasury Department which are not needed in the conduct of business and have no permanent value or historical interest, and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. SMOOT and Mr. HARRISON members of the committee on the part of the Senate.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the National Legislation Committee, United Indian War Veterans, United States of America, protesting against the passage of any legislation to force veterans of all wars seeking pensions, compensations, disability allowances, and emergency officers' retirement pay, or the widows and dependents of such veterans seeking pensions, to subscribe to a pauper's oath before being granted such benefits, which was referred to the Committee on Pensions.

He also laid before the Senate a resolution adopted by the district stewards, pastors, and lay leaders of the Meridian district, Mississippi annual conference of the Methodist Episcopal Church South, in session at Meridian, Miss., indorsing the eighteenth amendment to the Constitution and the Volstead Act, and requesting that Congress do all in its power for the maintenance and enforcement of said amendment and act, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted at the regular meeting of the Municipal Council of Tolosa, Leyte, P. I., favoring complete independence for the Philippine Islands within a period of 10 years, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate "A memorial and covenant with posterity," submitted by the Founders' Society of the George Washington Free Library and Affiliated Cultural Institutions, of New York City, N. Y., signed by Daniel P. Sullivan, executive officer-volunteer counsel, together with an address entitled "Washington and the Union," delivered in the House of Representatives on February 23, 1931, in commemoration of the birth of George Washington by Hon. JAMES M. BECK, a Representative from Pennsylvania, and calling particular attention to a paragraph contained therein reading:

Eliminating from the calculations large and important public improvements, which, while primarily local in character, are yet of general benefit, and including only direct subsidies from the Federal Treasury to the States for non-Federal purposes, there are six States which draw from the Treasury in such subsidies \$2 for every dollar that they pay into the Treasury. Two States

draw more than \$3 for every one they contribute, while New York, which contributes nearly a third of the public revenues, derives less than 1 cent to every dollar it contributes—

which, with the accompanying papers, was referred to the Committee on the Library.

Mr. BARBOUR presented resolutions adopted by the Rotary Club and the Young Men's Christian Association, both of Madison, N. J., favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

Mr. SHIPSTEAD presented a petition of sundry citizens of Hibbing, Minn., praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented a resolution adopted by Post No. 1022, Veterans of Foreign Wars, of Coffeyville, Kans., favoring immediate payment of the adjusted-service certificates (bonus) of World War veterans, which was referred to the Committee on Finance.

He also presented a petition of the Woman's Foreign Missionary Society of the Wakefield (Kans.) Methodist Episcopal Church, praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

#### ECONOMIC CONDITIONS

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an article by John P. Frey, in the American Federationist, July, 1931, entitled "The Calamity of Prosperity."

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

#### THE CALAMITY OF PROSPERITY

By John P. Frey, secretary-treasurer, metal trades department, American Federation of Labor

The six years following 1922 were in many respects the most prosperous the United States has experienced. Wealth was created much more rapidly than ever before. Though agriculture did not fare so well, industry, commerce, and banking enjoyed astounding prosperity. The volume and the value of manufactured products increased enormously.

In 1914 the value of our manufactured products was approximately \$24,000,000,000. In 1921 it was \$44,000,000,000. In 1923 it was \$61,000,000,000, while for 1929 it was \$69,000,000,000.

It is true that there has been a change in the purchasing power of the dollar between 1914 and 1929, but this change in money value is but a fraction of the difference between the total value of manufactured products in 1914, as compared with those for 1929.

As the great annual increase in the national wealth from 1922 to 1929 was due principally to the wealth created by industry rather than by agriculture, a review of the causes for this increase will assist in a clearer understanding of the principal reason for the depression which began with the fall of 1929.

Unquestionably, agriculture and the wide range of natural resources within continental United States is the foundation upon which our industrial structure is erected. Our country is more self-contained in natural resources than any other. It has a fertile soil and mineral wealth for basic industries which is unparalleled. Coal and oil, iron, copper, and a host of other essential minerals exist in almost unlimited quantity.

These basic advantages have been of utmost value to American industry. In addition to these, and of equally great, if not greater, importance are the methods by which American industry is carried on.

#### INCREASED PER CAPITA PRODUCTION

It was in the United States that mass production had its origin. It is to this American system of production, made possible through the application of more practical and scientific methods than are to be found elsewhere, that we owe the astounding annual increase in the value of manufactured products during the period under consideration.

New conceptions relative to the methods of manufacturing products began to indicate themselves effectively some 30 years ago. What was termed scientific management began to assert its influence. The chemist, the mechanical, the electrical, and other technically trained engineers began to emerge from the laboratory and enter the workshops for the purpose of directly applying their skill and technical knowledge to every form and method and system of production then in existence.

The mechanic's and the laborer's work was specialized. It was broken down and subdivided, so that each worker performed only a part, and sometimes a most minute one, of the work he had formerly done in connection with production. There was a most rapid development in the invention of automatic and semiautomatic machinery. The use of machinery was greatly increased. The power applied to the operation of machinery per workman



was doubled and trebled. Thirty years ago it was less than 2 horsepower per workman in the manufacturing industries. In 1929 this had increased to 5 horsepower per workman.

In addition to the value added by the workmen themselves to the raw material being converted into manufactured goods there was an additional value created by machinery and by the power which operated these machines. It was the development of mass production, with its increasing use of power and machinery and the subdivision of labor, which made it possible for American workmen to produce such an enormous increase in the annual creation of wealth.

Mass production has been accompanied by a most rapid increase in the per capita volume of production in our industries. Federal statistics indicate that during the eight years ending in 1928 over 925,000 workmen were eliminated from our manufacturing industries, some 800,000 from agriculture, and approximately 250,000 from railway transportation. Yet, with this greatly reduced army of workers, manufacturing, agriculture, and railway transportation were of considerably greater volume than seven years before.

It is this constantly increasing production per wage earner which has made labor costs so low in our country. In a number of our industries the labor cost in the United States has been lower than in other countries, although the dollar-and-cent wage has been considerably higher.

The American freight train hauls several thousand tons more than those in other countries. The American agricultural worker, particularly in the wheat fields, sows and harvests the wheat at a considerably lower labor cost per bushel than in those countries where coolie labor receives 9 and 10 cents per day.

The American coal miner, working under the union wage scale, receives a considerably higher dollar-and-cent wage per day than the coal miners of any other country. But the average output per workman in the American coal mines is well over  $4\frac{1}{2}$  tons per day, while in England it is but a slight fraction over 1 ton, and in several of the continental countries of Europe less than 1 ton per capita.

The predominance of American industry in the use of machinery is indicated in the following statistics giving the value of the machinery absorbed per year per capita in certain large countries:

In 1913 the United States absorbed \$15 per capita in machinery. This amount had risen to \$23 in 1925.

In 1913 Great Britain had absorbed \$5 per capita in machinery. This had increased to \$10 in 1925.

In 1913 Germany had absorbed \$7 per capita in machinery. This had increased to \$9 in 1925.

In 1913 the machinery absorbed per capita in India amounted to 10 cents. This had increased to 17 cents in 1925.

In China the amount absorbed per capita for machinery in 1913 was 14 cents. In 1925 this was reduced to 5 cents.

In some of our American industries the per capita production since the war has been increased many hundred per cent. Where automatic machinery has almost wholly replaced hand labor, the output per workman has been increased several thousand times. Even in such an industry as agriculture, so our highest authorities inform us, the agricultural worker's output has been increased approximately 300 per cent since 1900.

Volume and value being taken into consideration, it is found that many American workers have been paid a lower dollar-and-cent wage for the volume of their output than the workmen of a number of the other large industrial countries.

#### NATIONAL CONDITIONS

Although the Nation had contracted a debt of \$25,000,000,000 as a result of the World War, the burden apparently placed no check upon the rapid growth of national wealth. The national income increased to such an extent that Americans, while amply financing our industries and commerce, were able to lend some \$17,000,000,000 to foreign individuals and foreign countries, in addition to the national loans to the allied nations.

Although a most serious depression has afflicted us for 18 months, our banks contain more money than ever before, and this is being lent on good securities at the lowest rates of interest in our history. There is no famine of money in the bankers' vaults, although industry is seriously depressed and at least 6,000,000 wage earners are wholly unemployed, with a large army of others employed part time.

From the heights of seeming prosperity, which we reached in the forefront of 1929, the country has passed into one of the most serious depressions in its history. Federal statistics indicate that the present recession has reached a lower point below normal than any previous one, even those disastrous depressions of 1857, 1875, and 1894.

It is with the main reason for this depression that we are interested. Unless we can grasp the principal cause and demonstrate it, we can not intelligently proceed to determine the remedy and adopt those policies which must be carried into effect to secure relief and prevent a recurrence of the present industrial tragedy.

Before attempting to indicate the underlying factor, it may be well to mention some of the recognized conditions which have contributed to the world-wide depression existing at present. Among these are changes in the character of international relations; unsuccessful wars or those which have drained a country of its wealth; overwhelming national debts and crushing taxation; a depreciated currency; a lack of national credit; a serious injury to a nation's basic industries; a succession of bad harvests and overspeculation.

None of these causes, or a combination of them, is the principal reason for the depression in our country. Our international rela-

tions are normally friendly. We have not engaged in an unsuccessful war or one which drained the country. Our national debt, though large, has not brought about any crushing taxation. Our currency is sound. Our national wealth is intact. We have not had a succession of bad harvests and never before has money been lent at so low a rate on good securities. We are the wealthiest nation of the world.

It is true that there was overspeculation for several years. This did not affect national wealth, but resulted principally in paper loss, fictitious values, which enabled the master manipulators to fleece the unwary, in the same manner that the master gamblers fleece their confiding and less shrewd victims.

The depression came at a time when the production of wealth in the United States had reached a pinnacle never before attained. The foodstuffs grown were greater in volume than ever before; the banks held more wealth. Even now, with stark poverty facing millions of wage earners, we find our grain elevators bursting with wheat and the bankers' vaults congested with money which they are vainly seeking to invest.

#### THE BACKGROUND

There are most valid reasons for believing that the present depression was caused by the economically unsound policies which governed the captains of industry and finance during the so-called years of prosperity, 1923-1929. It was their incapacity to understand the economic results which must follow the business policies they were carrying out. It was their lack of understanding or their avaricious desire to acquire fabulous wealth in the shortest time possible, or a combination of these, which brought about the calamity of the depression which now presses so destructive a burden upon at least one-fifth of the Nation's wage earners.

If we are to understand more clearly what was transpiring after 1922, it must be kept in mind that our export business never has supplied a market for the great bulk of our industrial production.

Great Britain's wealth was created and developed largely through her export trade in manufactured goods, which has accounted for from 60 to 65 per cent of her production. It is doubtful if our country has ever exported 10 per cent of the Nation's produce, including our agricultural products.

From the days of the Civil War our total exports, including agricultural as well as manufactured products, averaged approximately 7 per cent of the whole. Our export of manufactured goods was increasing to an encouraging extent before the World War, but the enormous national debts incurred by European countries, their dominions and their colonies, led each to build up their manufactures as rapidly as possible. Most of them hoped, in addition to manufacturing for their own home market, to find in an export business the means of securing wealth with which to pay their debts.

The competition of manufactured goods in the world's markets became more keen. One effect of this world-wide condition has been to handicap our Nation's export business, and this handicap has been increased not a little, as far as our manufacturing industries are concerned, by the establishing of American branch plants in foreign countries and the enormous loans made by Americans privately to build up the business of foreign manufacturers.

This in itself is already an important factor in affecting home industry and may become a still greater one in the near future, but it is not our purpose to examine this problem here. Attention has been called to what has transpired industrially in the international field, so that it may become more apparent that the one great market in which the American producer must sell his goods is the home market. It is the breakdown of this home market which has stilled the wheels of industry and created the condition of unemployment which contains such grave elements of danger.

#### CONDITIONS IN 1922

As our industries recovered from the depression of 1921, there were some outstanding facts with which our captains of industry and finance were familiar. The American system of industrial labor in mass production had firmly established itself. But it was apparent that the full results of the application of power, machinery, and scientific direction of industry had scarcely accomplished more than to open the doors to the still greater efficiency of methods and processes which would be developed.

The chemists, the metallurgists, the technical and production engineers were constantly improving upon the system of production they had established. This led to that constant elimination of workmen, which has been called technological unemployment. Unless new industries, comparable in a way to the development of the automobile, were created, it would be impossible for a large number of workmen, already displaced and to be displaced in the future, to find employment.

It is true that the production of automobiles created new employments and that larger numbers displaced found work in personal service and professional entertainment. It was equally true that a large number of the skilled workers eliminated from the manufacturing industries and railroads had been unable, even when they did secure other employment, to secure wages equal to those formerly received. The skilled worker eliminated even in early middle life, can not acquire the same degree of skill in some new industry which will bring equally high wages.

There existed another well-established condition vitally affecting American industry—the growing difficulty of increasing our export of manufactured goods. Our business leaders had no reason for believing in 1922 that there would be any material increase in the volume of our exports. It was evident to those having con-



trol of our industries that approximately 95 per cent of our manufactured goods must be sold in the American market. They were also aware that approximately 80 per cent of our population is composed of wage earners and their dependents.

It did not require exceptional intelligence to realize that the capacity of the American wage earners to purchase what was being produced depended upon their real wage, the purchasing capacity of the dollars and cents in the pay envelope. If industry and commerce should fail to pay wages having a sound relation to the wealth being created, then, in addition to injuring the wage earners, industry and commerce itself would be seriously and perhaps dangerously affected.

It was the failure of our captains of industry and finance to be influenced by the evident economic facts, which created the disastrous injury to the market in which their goods must be sold, and which, more than anything else, brought about the depression which overwhelmed the country in the winter of 1929.

The responsibility for our present condition rests upon many shoulders, but principally upon those who dominate our industries, our commerce, and our banks. This is amply demonstrated by a review of what occurred.

There have been periods when our bankers were able to make their business a most profitable one, but never was there such a gathering of profits as during the years which followed 1922. In December of that year the capital of the banks, members of the Federal reserve, was \$1,940,000,000. This capital in 1929 had increased to \$2,757,000,000. Their surplus at the end of 1922 was \$1,625,000,000. At the close of December, 1929, this had increased to \$2,864,000,000. Their undivided profits when 1922 closed were \$797,000,000. The undivided profits had increased to \$1,086,000,000 at the end of 1929.

This financial record indicates the great increase of capital acquired by the member banks of the Federal reserve, who represent approximately 70 per cent of the Nation's banking. This accumulation of reserves was paralleled by the net addition to their profits, which in 1922 amounted to \$299,000,000, and in 1929 reached the huge sum of \$556,000,000.

This period of rapidly increasing annual profits was accompanied by equally satisfactory dividends to the holders of the banks' stocks. In 1922 the fortunate holders of these stocks were paid \$246,000,000 in dividends. Dividend payments increased from year to year, and in 1929 \$408,000,000 were paid in dividend checks. The total deposits in these banks in 1922 were \$27,288,000,000; in 1929 they had increased to \$38,014,000,000.

Unquestionably the bankers were making hay while the sun shone, but quite possibly they were reaping rich harvests under circumstances which materially and injuriously depleted the soil from which their harvests grew.

During the period following 1922 the annual value of manufactured products increased enormously, but not so rapidly as the bankers' profits. The total value of products manufactured in 1923 was \$60,529,000,000. In 1927 our manufacturing industries did better, for the total value for that year was \$62,718,000,000. This increase in the total value of manufactured products was eclipsed by the two years which followed; years during which rapidly added impetus was given to the causes which are principally responsible for the present depression. In 1929 the total value of manufactured products mounted to \$69,417,000,000.

Keeping in mind the fact that the home market was the one upon which our American manufacturers were forced to depend for the sale of 95 per cent of their products, it is interesting to compare the total volume of wages paid in the manufacturing industries with the value of manufactured products.

In 1923 the total wages were \$11,007,000,000. Although the value of manufactured products had increased in 1925 more than \$2,000,000,000 above 1923, the total volume of wages in the manufacturing industries that year was less than in 1923, and the same is true for 1927. In 1929 there was an increase, for \$11,421,000,000 were paid in wages.

Although the total value of manufactured products was practically \$9,000,000,000 more in 1929 than in 1923, the total volume of wages paid in these industries in 1929 was but little more than that paid out in 1923.

Unless there had been an enormous increase in the wealth flowing to the agricultural population and a similar great increase in the purchasing capacity of those employed outside of the manufacturing industries, it is evident that the mass of the people were much less able to purchase what was being produced in the United States in 1929 than they had been in 1923.

While the total volume of wages in the manufacturing industries was but a trifle more in 1929 than in 1922, all wages were less in 1929 than in 1926.

How did the owners of stocks, the captains of industry and finance, fare during this period? In 1922 the total of dividends paid by all corporations was \$930,648,000; in 1929 \$3,478,000,000 were paid in dividends. Bondholders and the banks fared as well, for all corporations paid \$2,469,000,000 as interest in 1922, while in 1929 the interest payments amounted to \$7,588,000,000.

The failure of industry and commerce to pay wages in proportion to the wealth being created resulted in a serious depression, or lack of consuming power, in the very market in which the manufacturing industries were compelled to depend for the purchase of 95 per cent of their product.

It is true that our American industries were engaged in turning out producers' as well as consumers' goods, but this fact does not change the economic unbalance which resulted through the failure to pay an economically sound wage.

It would not be difficult and it would be well within the truth and perhaps the proprieties to use descriptive terms and phrases more caustic and deserved in referring to what was done to the Nation's prosperity during these years by the majority of the captains of industry and finance than refer to what occurred as an economically unsound distribution of wealth. The temptation to call a spade a spade, to use crisp, blunt, and expressive Anglo-Saxon terms is almost irresistible under the circumstances. But we refrain, for our present purpose is to submit data which presents an indictment more critical and condemnatory than any use of invective.

#### THE ACCOMPANYING CHARTS

The data made use of relates to millions and billions of dollars, amounts which are difficult for the mind to grasp. It is easier for the eye to catch the trend of statistics through graphic charts than for the mind to carry the picture mathematically. Charts have been included so that the general trend of economic development from 1922 to 1929 can be readily visualized.

CHART NO. 1. WORKERS' PRODUCING AND BUYING POWER  
Index numbers 1899=100

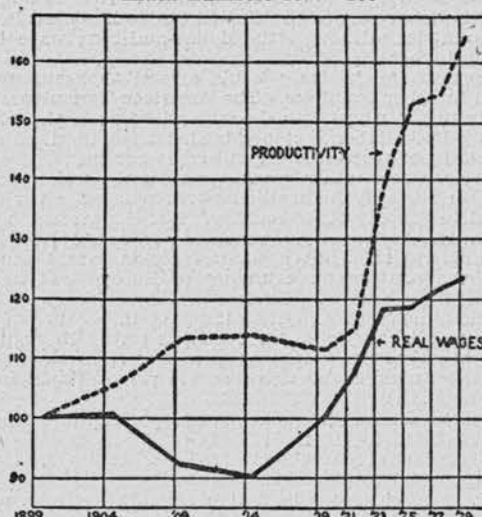


Chart No. 1 covers by index numbers the period from 1899 to 1929. It gives the relationship between the wage earner's increase in productivity and increase in real wage. The critical period discussed in this article began in 1922. A glance at the chart indicates the tremendous rapidity with which productivity increased from that year and the failure of the real wage to increase in proportion.

CHART NO. 2. WAGES AND PRODUCTS OF MANUFACTURING INDUSTRIES

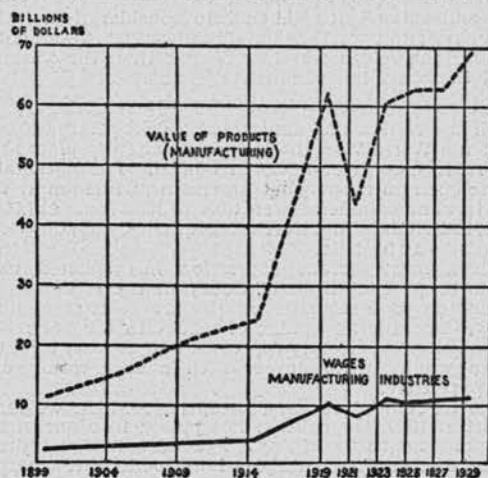


Chart No. 2 is in billions of dollars instead of index numbers. It shows the annual value of manufactured products from 1899 to 1929 and the total volume of dollar-and-cent wages paid in the manufacturing industries. This chart assists in making clear the rapid increase in the annual value of manufactured products and the failure of the dollar-and-cent wage to increase in proportion.

Chart No. 3 covers the period from 1861 to 1929. The solid line shows the advance in the dollar-and-cent wage which began to mount rapidly from 1916. The dotted line indicates the change in the real wage, which, because of the more rapid increase in prices, as the chart indicates, utterly failed to keep pace with the dollar-and-cent wage. The worker's dollar-and-cent wage had a rapidly decreasing purchasing value after 1916.

Chart No. 4 presents the volume of manufactured goods since 1899, and indicates the rapid increase in the volume of manufactured goods produced after 1922. That a comparison may be made, a curve is included which gives the increase in the



CHART NO. 3. HOURLY WAGES OF NONAGRICULTURAL LABOR  
Index numbers 1913=100

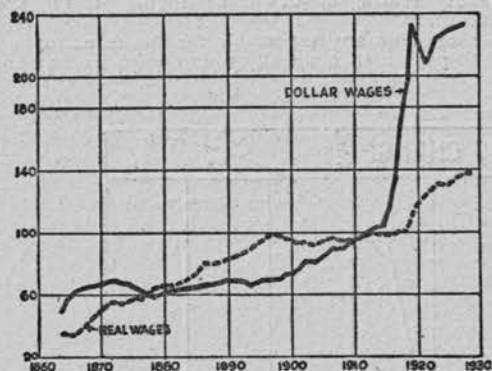
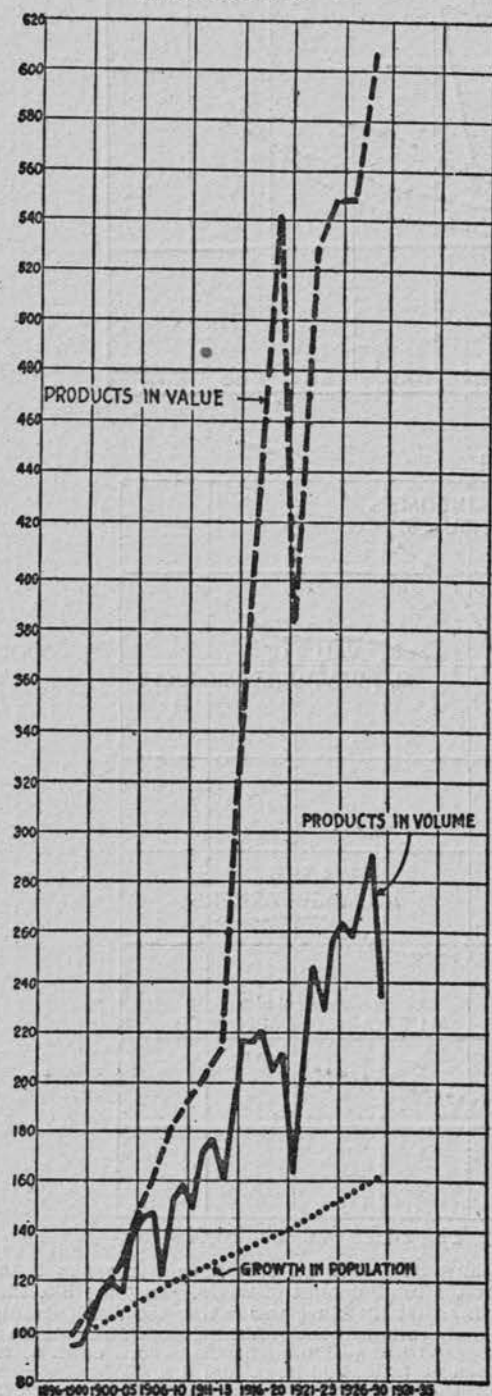


CHART NO. 4. MANUFACTURING-OUTPUT INDEX NUMBERS  
Products in volume, 1899-1901=100; products in value, 1899=100;  
population, 1900=100



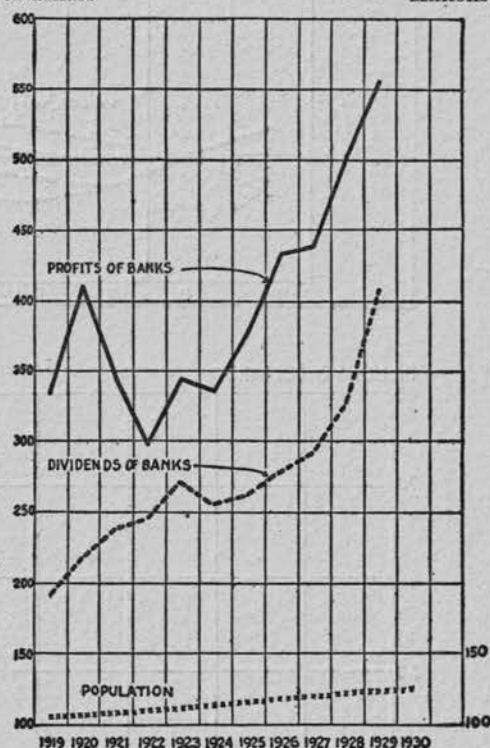
value of manufactured goods produced so that volume and value are contrasted. A dotted line presents the national growth in population.

Chart No. 5 gives the index number showing profits made and dividends paid by the banks, members of the Federal reserve. A curve at the foot is used to indicate the increase in the national population. This chart indicates the rapid increase in banking profits as a result of increased national production, and presents visual evidence of the bankers' ability from 1922 to 1929 to make hay while the sun shone.

Chart No. 6 is of particular interest, as it presents a visualization of gross and net bank earnings, bank dividends, and the tremendous rapid increase after 1925 of the dividends paid by industry and railway transportation. If there had been any corresponding increase in the dollar-and-cent wage being paid, we would not have been smothered by the depression which now presses down upon us.

The foregoing charts assist to a better understanding of Chart No. 7, which, in billions of dollars, presents the total national income from all sources, the value of manufactured products, and the total volume of wages and salaries paid in the United States. There are many sources of income in addition to manufactured products. There is our agriculture, our mining, our transportation, and other industries. It will be seen that the total income increased more rapidly after 1923 than the value of manufactured products. It will also be seen that, while salaries did not advance as rapidly as wages previous to 1926, that from then on they increased more rapidly due to two factors—the employment of a

CHART NO. 5. BANK PROFITS AND DIVIDENDS  
Millions of dollars Millions of people



larger number of salaried employees in proportion to the number of wage earners, coupled with the rapid increase in the salaries paid to executives.

The most startling feature of Chart No. 7 is the curve showing the volume of wages for all employees, which includes all wage earners in addition to those employed in the manufacturing industries. Here we find that after increasing slightly from 1925, they remained at the same volume for a year and then after 1927 began to go downward, so that, while the total national income and the total value of manufactured products were rapidly increasing, the total volume of wages paid in the United States actually decreased. It is not surprising that, with this reduced capacity to buy, the mass of the people were unable to purchase the goods from which the investors, the banks, and the captains of industry had been reaping such enormous profits.

Chart No. 7, in conjunction with Chart No. 6, helps to visualize the statement recently made by Dr. Julius Klein, Assistant Secretary of Commerce, that real wages increased 13 per cent from 1921 to 1929, but that during this period the return to industrialists grew 72 per cent, while the gain in dividends on industrials and rails increased 256 per cent.

#### THE CALAMITY

The outstanding economic facts of the so-called period of prosperity from 1922 to the end of 1929 present a depressing picture of economically unsound and destructive business policy. There is little, if anything, in the basic statistics to encourage or create confidence in the future. It is apparent that during this period



the American wage earner was considered almost wholly as a producer of wealth and that he was disregarded as the major consumer of the Nation's products.

In 1922 it was known that we could hope to export little more than 5 per cent of our manufactured products and that the bulk of our manufacturing industries must depend for their market

The business practices carried out during the period under consideration instead of solidly building up the Nation's prosperity were in reality tearing it down, destroying it, for they were basically unsound.

Many of those who are responsible for the catastrophe because they failed to pay an economically sound wage are now informing

CHART NO. 6

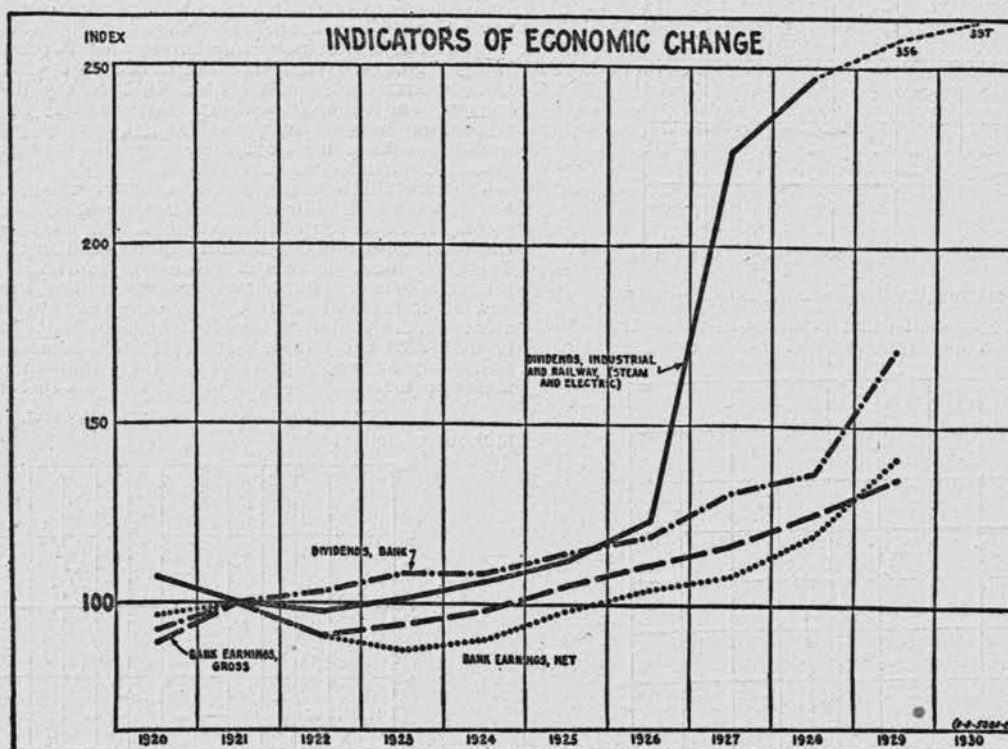
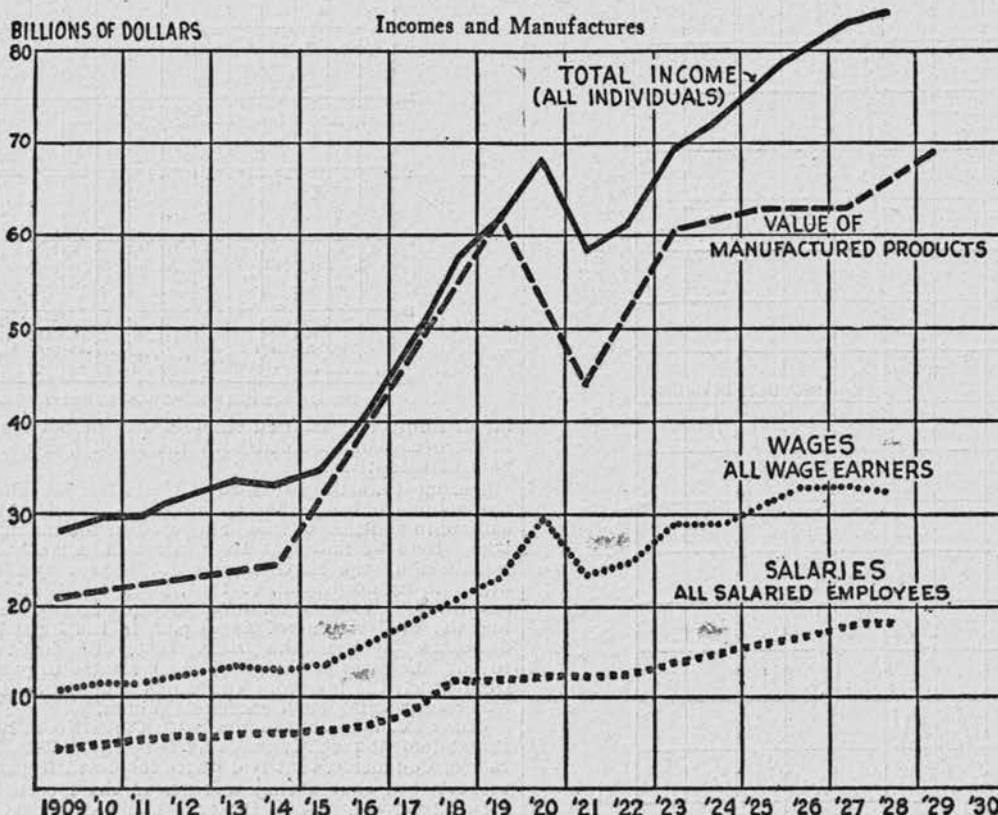


CHART NO. 7



upon the 80 per cent of the population represented by the wage earners and their dependents. Yet a business policy was carried out which could have no other effect than to weaken steadily the consuming market.

There are basically important moral and social questions involved in the just distribution of the annual wealth created, which must be considered in connection with the national welfare, but at present we are attempting to deal only with the economic factors.

the American public that the only hope of recovery is to reduce still further the total amount of wages. They are like the farmer who, believing that his horse was eating too much, gradually reduced the daily ration to the vanishing point, and then remarked to a neighbor, "I had just brought the rations down to the limit when the danged brute laid down and died."

After 1922 the nourishing blood of the national wealth filled the arteries of industry and commerce, but the financial heart instead of pumping it throughout our economic system created conges-



tion. Instead of nourishing the Nation it caused a stoppage, the partial paralysis which we call the depression.

Our captains of industry and finance now find themselves much in the position of Midas, smothered by the hoards of gold they have heaped up. If they alone were the present sufferers because of their economic shortsightedness, there would be a large measure of justice in their situation; but their fatal economic policies have wrought havoc and spread suffering to millions of American wage earners and their dependents.

The period from 1922 was marked by the extension of combinations in finance, industry, and commerce. Mergers, trusts, and holding corporations not only increased rapidly in number but in their wide control. Certainly the period was not one in which sound economic policies guided those in control of the Nation's activities. What occurred bears much more resemblance to the law of the jungle than to the sane management of business by those responsible for its development.

The Nation fervently desires a return to prosperity, but if the improvement, which must come one of these days, is to be featured by the same unsound distribution of wealth which prevailed after 1922, then instead of prosperity we will be entering into another period during which the seeds of future business catastrophe will be sown.

The evidence that those in control of our industry, commerce, and finance are largely responsible for the present depression is overwhelming. The great majority of the leaders, informed as they are, could not avoid the knowledge that the economically unsound distribution of wealth for which they were responsible must result in industrial depression and disaster.

These business leaders had outstanding economists to supply them with information. They were organized and federated together as business men had never been before. They had at their command larger staffs of technically trained men than during any previous period; yet, with all of their knowledge and powerful organizations with their far-reaching influence, they created the economic condition which brought about the depression.

We will not refer to the many alleged reasons they have given for the depression. Some of these are absurd, a few partly true, but all of them carefully avoid reference to the principal cause—the payment of wages so completely out of economic relationship with the wealth being created that these wages actually forced continually lessened sales of manufactured goods in the United States, the one great market for American products.

The statistics presented in this article are a sufficient criticism and reply to all of the alleged reasons, which so many business leaders have been advancing during the year.

The maldistribution of wealth, so manifest from 1922, with the depression which this created, is an evidence that the leaders of American business proved unqualified to be trusted with the unregulated and uncontrolled management of the Nation's industry and commerce, for among other things, assurance of employment had been destroyed.

Earthquakes, floods, and droughts are unpreventable acts of nature for which business men and public officials are not responsible. If they were, there would immediately follow some drastic disciplinary changes. But the existing depression is not due to any acts of nature, it was caused by the failure of those in control of affairs to be governed by sound economic policies, due to their shortsightedness, indifference, and lust for profits.

It is men and not acts of nature which control our economic development. Men are responsible for failure or success. In view of the economic record from 1922, it is evident that those responsible for the direction of industry and commerce must be prevented from again wrecking the mechanism of prosperity if this is humanly possible.

The Nation is at least as interested in the welfare of the mass of the people as it is in the opportunities which may be presented to a few to accumulate millions and billions of dollars. The Nation's economic welfare requires that labor be given a greater voice in the direction of industry and in determining the terms of employment and conditions of labor than it has had in the past.

As wage earners we have a serious concern with the health of industry and commerce. Under the existing industrial system it is through employment as wage earners that the mass of the people must secure their livelihood.

To protect themselves from the exploitation which developed so rapidly after 1922, wage earners must be organized in larger numbers and be made to understand better the part which they must play as citizens and as producers in the Nation's activities.

There must be a larger degree of cooperation between management and labor. This cooperation can not function satisfactorily unless labor is organized, and then insists upon its right to a voice in the conduct of industry in so far as labor is affected. Unfortunately instead of being stimulated cooperation and collective bargaining have been repressed as much as possible by the very men whose unsound business policies resulted in such a disastrous maldistribution of national wealth.

Unless we are to permit the law of the jungle to operate, there are two principal methods to be applied to prevent a recurrence of the catastrophe from which we are now suffering. One is to attempt to regulate business through legislation, a method which, if experience is a safe guide, proves cumbersome and inadequate as well as unsatisfactory. The other is to establish a much larger degree of practical cooperation between those directing the Nation's activities and the wage earners.

Those in control of our industries have certain obligations which they can not set aside without incurring penalties. The manifest

duty of industry, as was pointed out at the Portland convention of the American Federation of Labor in 1923, is to correct the maladjustments.

The privilege of carrying on business in the United States carries with it obligations which business can not avoid without injury to itself. Should industry fail to adjust its policies so that future depressions due to the uneconomic distribution of wealth can be prevented, should industry refuse to meet the organized wage earners' chosen representatives for the purpose of establishing thoroughgoing cooperation, then it will not be surprising if the American people insist upon the legislative method.

American wage earners and the American people as a whole are not so indifferent or so stupid as to continue to stand idly by while those in high places permit and carry out economic policies so unsound as to wreck the mechanisms through which the Nation's wealth is created.

Rugged individualism as applied by so many American business men since 1922 can not be permitted to operate in the future as it has in the past. In too many instances rugged individualism has degenerated into ruthless exploitation. Rugged individualism must learn to control itself wisely or the people will be fully justified in regulating it to the interest of the mass instead of the individual.

#### THE NATIONAL BUDGET

Mr. BARBOUR. Mr. President, I have a letter from Mr. J. W. Oliver, of the Linen Thread Co., of New York City, with reference to the National Budget and legislation relating thereto, which I ask unanimous consent may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

THE LINEN THREAD COMPANY,  
New York, December 18, 1931.

Senator W. WARREN BARBOUR,  
Room 147, United States Senate,  
Washington, D. C.

DEAR SENATOR BARBOUR: No doubt you have already been flooded with letters regarding the National Budget as presented by the Secretary of the Treasury. I am writing you personally to express my views on this, and I am likewise going to my own Congressman. The Treasury Department has grouped expenditures under the following four main divisions:

- First. Public debt, Army, Navy, and veterans.
- Second. Legislative, executive, and judicial departments.
- Third. Aids to industry, public works, etc.
- Fourth. Tax refunds and miscellaneous.

Taking only groups two and three, the expenditures by fiscal years are as follows:

Year	Group 2	Group 3
1929	\$360,373,058.24	\$485,407,687.74
1930	313,899,290.41	711,489,620.75
1931	371,684,236.01	946,694,801.13
1932	432,355,850.00	1,065,128,250.00
1933	386,819,400.00	722,160,250.00

Even without considering the decrease in the average price of commodities, the increase between 1929 (a boom year) and 1933 is tremendous. Using an average price decline of, say, 12 per cent accentuates the comparison, making it all the more odious.

I know that you must look on these matters from the viewpoint of the business man; hence, I believe you will agree with me that the Federal departments should be no exception to the rule of contraction in difficult times. With all incomes reduced, the increase in Federal expenditures makes the proportionate burden enormously greater.

You will be interested to know that when I attended the national tax conference in Atlanta this fall I found an almost universal feeling that it was not the time to look for new sources of revenue for governmental expenditure, but that the only way to afford relief was to cut Government expenses. Several years ago the Federal department took this attitude, but the State and local governments continued their program of increased expenditure and correspondingly higher taxes on personal incomes as well as business.

The trend of the times to-day indicates that we are in for a long pull of low-price levels, and the average employee is told, when his salary is reduced, that living expenses are coming down so that his burden should not be as great as it appears. So far as groceries and foodstuffs are concerned, this is true; but with rents, taxes, insurance, and interest payments little, if any, relief has been felt and with regard to taxes, the reverse has been the situation. However, the employer is not to blame for this, and he must tell the employee that the burden of forcing these reductions falls upon those receiving the decreased incomes. In other words, the mass of employees must rise and protest against increased taxes, must protest to the landlord, and effect the necessary changes that will enable them to live on smaller incomes. This is exactly what we have had to tell our employees here, and it is precisely what the large banking institutions are telling their employees.



The Treasury Department estimates the current deficit at \$2,000,000,000 and the deficit for the fiscal year beginning July 1, 1932, at \$1,700,000,000. If foreign governments fail to meet payments on time, or if any other surprises of an unfavorable character appear, the deficit will, of course, be larger. In planning a scale of expenditures which involves deficits for two years or more and bond issues of at least \$3,000,000,000, the United States Government will be setting the worst sort of example not only to other governments but to corporations and individuals as well. I believe the least they should do is to make an effort to balance the Budget and leave borrowing available in the event that, due to unforeseen circumstances, actual revenue is less than actual receipts.

With respect to revenue legislation, I believe that making income-tax rates retroactive for a year is a vicious proposal. Business and personal affairs may not be conducted with any confidence unless there is a certain knowledge of the tax levies to be made against income currently realized. The increased rates, and larger ones if necessary, should be made effective from January 1, 1932, only. As far as reducing personal exemptions is concerned, I can see nothing but politics in the opposition to the Treasury plan. Certainly the man with the smaller income should bear his proportion of the burden, and the only way this can be brought about is by a reduction in personal exemptions. However, if the new revenue act is passed with lower personal exemptions, as I think it should be, these should go into effect on January 1, 1932, thus leaving the employee who has had to struggle along the best he could this year to pay no more taxes than is required by the law now in effect. In other words, if a considerable reduction in my own personal exemptions is made effective, I feel that it should not go into effect until next year, so I can plan my own personal budget accordingly. If it is made retroactive from the first of this year, it will mean that my tax burden will be much higher next year, and in the meantime the year is practically over and I have had no warning until the current proposal of a change in the revenue act was published to budget my own expenditures in a way that would permit me to accumulate the necessary money to pay the taxes next March 15.

There is an old saying that two things are certain; namely, death and taxes. However, in the past the amount of the tax burden has been quite uncertain and has been a disturbing factor due to its uncertainty.

I hope you will take this as an appeal from a citizen.

Kindest personal regards.

Very truly yours,

J. W. OLIVER.

#### THE ECONOMIC DEPRESSION

Mr. WALSH of Massachusetts. Mr. President, following a speech delivered by me in the closing days of the last session outlining what I believed to be some of the chief causes of the economic depression in this country, I received many comments from various groups and individuals who were deeply interested in this subject.

The speech to which I refer put large responsibility for our present previous difficulties upon the orgy of speculation and the prodigious inflation of values which the country witnessed during the years immediately preceding the 1929 stock-market crash.

I have recently received from two prominent citizens of my State illuminating statements in which they enunciate in part the views to which I have given utterance and in which they suggest various remedies. I consider them a real contribution to the solution of the pressing economic problems with which we are confronted.

One statement is by Bernard J. Rothwell, a prominent and successful merchant of Boston. The other is by George W. Anderson, a retired justice of the United States circuit court at Boston.

I ask that both of these statements, which I ask to be treated in the nature of petitions, be referred to the Committee on Finance and be printed in the RECORD.

There being no objection, the statements were referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

#### MEMORANDUM REGARDING EXISTING DEPRESSION

By Bernard J. Rothwell, of Boston

Setting aside foreign complications, political and economic, and the disastrous decline in commodity prices, big business—frequently beyond human capacity to properly administer—high finance, and almost universal wild speculation, all of which ran riot in 1921–1929, inclusive, are generally conceded to have been responsible for the crash of the latter year and for the deplorable conditions which have since resulted.

The signs of social discontent and of political unrest which have been manifest the past two years, not merely in our own country but throughout the world, need no enumeration. In practically all cases they have had an economic basis.

That basis is the failure of the capitalistic system—or, as termed by President Nicholas Murray Butler, the liberal system—

to provide not merely against recurring periods of deceptive prosperity and extreme depression but to protect the masses from the enormous displacement of man power in industry, resulting from the introduction of high-speed, mass-production machinery and the ever-increasing application of science and invention.

The consequent overproduction has led to ruinous prices—far below cost—of every product of soil and mine all over the world, including copper, silver, oil, cotton, wheat, and other grains, potatoes, sugar, rubber, etc., and has correspondingly reduced employment and paralyzed the purchasing power of all engaged in those industries and their dependents.

To these may be added many other contributing causes, among them the development of enormous manufacturing and distributing corporations, the latter exercising the profit-destructive power of concentrated volume buying; high-pressure selling methods, whereby “desires” were proclaimed to be “necessities,” thrift and provision for the inevitable “rainy day” declared to be both unwise and unwarranted; a philosophy of practically perpetual prosperity being proclaimed by men in high authority.

This abandonment of reasonable prudence was largely encouraged by the banking interests in freely furnishing ample funds to all classes of borrowers, often without adequate inquiry as to the soundness of the proposition or the fitness of the parties undertaking it.

They also encouraged overbuilding of industrial plants, commercial structures, etc., mergers, consolidations, unwarranted and injudicious increase of capital structures based on refunding upon a low-return basis the extraordinary profits of abnormal years. In many of these they participated in promotions and underwritings.

The securities thus underwritten being, in due course, allotted to smaller corresponding banks throughout the country, resulted in loading them with frozen assets, most of which could only be marketed at severe losses, some not at all.

Hosts of wage earners were lured into incurring debts, the payment of which depended solely upon maintenance of the then current, uncertain family income.

The victims of these circumstances noted: The steady increase of vast aggregations of capital, many of them affiliated.

Splitting up of stocks two, three, or more shares for one; the distribution of stock dividends and the increase of total dividend payments on such multiplications.

The extensive development of holding companies upon an enormous scale; the control—secured usually at exorbitant prices—of great numbers of public utilities by these holding companies and the floating of stock to the public largely in excess of even these unwarranted prices.

The consequent charge of excessive rates to the consumer, based upon earnings providing attractive dividends upon these fictitious valuations.

The recapitalization of such companies upon a gigantic scale, based upon phenomenal and entirely abnormal earnings, figured down to a 5 per cent, 6 per cent, or even lower basis.

The unequal distribution of the abnormal profits of the several years preceding the crash of 1929, these earnings resulting from either unwarrantably higher prices than should have been charged the consumer or lower wages than should have been paid the workers.

The failure to allot a liberal share of these earnings to reserves for the inevitable reaction, with its consequent disastrous unemployment.

The steady, forced appreciation in market value of these depreciated shares based on assumed future prospects and the effort to earn and pay increasing dividends thereon.

The age “dead line” whereby great numbers, at what should be their most productive period, are virtually excluded from employment.

The piling up of great wealth by professional speculators, non-producers, and their ostentatious parade of extravagance in the face of contemporaneous misery.

Well-nigh universal speculation, pervading every element of society, young and old—porter and preacher, bell boy and bishop, men, women, and adolescents.

The unwillingness of the authorities of the principal stock and commodity exchanges to curb pool operations, frequently amounting in single transactions to 10,000, 50,000, and even 100,000 shares, as well as the abuse of selling “short,” with its inevitable effect of demoralizing values and accentuating prevailing depression.

The too frequent defalcation of trusted fiduciary officials—executive and subordinate—almost invariably traceable to speculation in stock or commodity markets, these defalcations sometimes running into hundreds of thousands, and even millions, before being detected.

The enormous gambling in grain, foodstuffs, and other staple commodities, daily transactions in wheat in Chicago alone running as high as 75,000,000 to 100,000,000 bushels in a single session; in one session running over 150,000,000 bushels. The equivalent of the entire wheat crop of the United States being sold in that one market in different years from fifteen to twenty-seven times, whereas Government records over an extended period show hedging constituted only 5 per cent of the total transactions in wheat in that market, 95 per cent being purely speculative.

It is obvious that such conditions as now exist can not long continue without political and social disturbances of the most serious character.

Unless some drastic change is made in policies which have permitted the excesses mentioned, any marked improvement in existing conditions would have no assurance of permanency. Many



men of good judgment predict it would be relatively short lived and would be followed by an even more serious situation than that which now confronts us.

The trouble goes deeper than what appears to be fundamental; it threatens the foundations of the capitalistic system because of its abuses. These latter should preferably be abolished by voluntary, concerted action of industrial and financial leaders rather than by legal process. (See address of President Nicholas Murray Butler, The One and the Many, delivered at Southampton, Long Island, in August, 1930.)

Organized business has constantly maintained that it should be left free to cure its own evils and defects; but during two years of extreme distress and in face of widespread, continuous criticism of its failures, it has neglected to take a single constructive step to remedy conditions. Under these circumstances it is apparent that reforms will be effected only through wise and thoughtful action by the Government itself.

There is likewise increasing dissatisfaction regarding parliamentary government, its tardiness in responding to public sentiment, its waste of time in long-drawn-out discussion, the handicap of senatorial veto and of senatorial and congressional courtesies, vote swapping, logrolling, etc., and, in general, the subservience to corporate influence and interest.

That essential correctives should be formulated, adopted, and put forward for general adoption by a group of the recognized leaders of industry, finance, labor, economics, and the public is highly important.

This group should devote itself unremittently and continuously until it can recommend such changes as would tend to weaken communistic propaganda and discourage communistic action.

While the depression now current is world-wide and is based to a large extent upon the same fundamentals, it would be a fatal blunder were the causes responsible for conditions in the United States to be ignored or were the controlling forces to maintain a Bourbon-like attitude—"After us the deluge."

It appears as though among other correctives there will have to be an "unscrambling of the eggs"; that the capital structure of many industries will have to be reorganized by a reversal of the process of the twenties and the issue of 1 share for 2, 3, or more where the increased stock issues of that period did not represent additional capital paid in by the stockholders.

This would result in important economies, would obviate the necessity of undertaking to earn dividends on very many millions of shares of outstanding stock, would permit a proportion of profits to be devoted to the establishment of unemployment or age-retirement reserves, would give stockholders some conception of what proportion of the property their shares really represent, and would lessen the dissatisfaction with which employees now regard the fictitious capital structures which have been erected and the declaration of dividends thereon.

The following suggestions for legislation affecting our international relations and for modification of our present economic structure are by no means complete. These latter are not put forward in any dogmatic spirit, but for open-minded consideration from the viewpoint of the public welfare rather than that of special interest or privilege.

First in order would be world peace. Acceptance by the United States Senate of the protocols now before it, which would constitute membership of the United States in the World Court, is of the highest importance. The recent action of the United States in joining with the Council of the League of Nations in action regarding the Chinese-Japanese conflict clearly indicates that we can no longer isolate ourselves from international affairs. Our entrance into the World Court would no doubt be the strongest possible support to the Kellogg-Briand pact for the settlement of international disputes.

Disarmament. This, naturally, follows upon the foregoing. So long as the United States withholds its adherence to the World Court for the settlement of all international disputes its position in the Kellogg-Briand pact is entirely contradictory and jeopardizes international confidence in our sincerity.

Elimination of unfair and dishonorable competition through modification of the Sherman and Clayton Acts.

Restraint of excessive profits by publicly owned corporations as disclosed through analysis of income-tax returns.

Deflation of corporate capital structure excessively inflated through stock dividends, splitting of shares, etc.

Holding companies to be under jurisdiction of the Interstate Commerce Commission. Rearrangement of capital structure of publicly owned and traded corporations by capitalizing abnormal earnings upon a low-return basis, splitting of shares, etc., to be subject to approval by Federal or State authorities.

Limitation of dividends upon corporate capital employed in public-utility corporations vested with monopolistic privileges, to money actually paid in plus reasonable additions to surplus, charges to be as low as provision for unemployment and pension reserves and equitable return to stockholders will permit, such reserves to be an operating expense, free of taxation.

Same general rules to apply to all companies whose securities are regularly listed upon stock or commodity markets and whose securities are held by the public. Similar unemployment and pension reserves to be established by all employers of 20 or more persons.

Elimination of all trading on margins in stock exchanges and commodity-market "futures," and between brokers and their customers; all transactions to be for cash, necessary accommodation, whether for speculation or investment, being secured from banks;

speculative selling "short" in stock or commodity markets to be prohibited. This not to interfere with legitimate hedging.

Lending to "short" sellers stocks bought and held for customers' account to be prohibited.

Trading for their own account by houses soliciting or accepting orders from the public generally to be prohibited.

Suppression of speculative pools and trading in blocks of shares so large as to afford prima facie evidence of not being the result of legitimate supply and demand.

National and State banks to be restricted to their primary function of loaning, investing, and safeguarding deposits, and to be barred from participation in promotions and underwritings. Trust companies to be similarly restricted as to promotions and underwritings.

Preservation of equal individual opportunity, with freedom to determine occupation unrestricted by either Government or group dictation.

Abolish the "dead line"—40 or thereabouts—in hiring and firing employees.

Work to be "staggered" in time of slack business according to necessities of each individual case. Should reduction of number of days, or hours of daily employment be determined, wage or salary to be the proportional part of 6-day, 8-hour scale.

No dole system. Payment to be made only for work done, except in case of physical incapacity.

We are now confronted with problems of the greatest gravity. They must be faced and solved if the existing political, economic, and social system of these United States is to be preserved.

#### A FEW OBSERVATIONS ON OUR AMERICAN SYSTEM

By George W. Anderson, of Boston

The main purpose of this writing is analysis and description only. No 5-year plan, no 20-year plan, or other cure for our present economic and financial ills is here suggested. This is merely a record of observations on our American system.

For 50 years of adult life I have observed and studied American institutions. Recurrent periods of business depression and business prosperity have marked the whole half century. Our fatalistic economists call these cyclical and inevitable. The present depression has many similarities to prior depressions. I think I observe some possibly significant differences.

I. There is a lack of the general optimism characteristic of the earlier hard times, more conceded bewilderment over both causes and prospects. Many thoughtful people are seriously questioning whether profit seeking, as a dominant force, grounds a just or worth-while civilization. There is more intelligent doubt of the soundness of capitalism, more doubt of the value of competition and the antitrust acts, less faith (perhaps less desire) of success in the fight against big business.

II. There is no general acceptance of the old panacea for most business troubles—reduction of wages. Rather is there a considerable recognition of the fact that only by increasing the purchasing power of the mass of wage earners can any adequate market be made for our large surplus output in every line. This is a new business phenomenon initiated by Henry Ford about 12 years ago. Large production without markets is found fruitless. We have superabundance of food, clothing, fuel, transportation facilities, metals, machinery, everything needed for wholesome human living, but not brains enough to distribute and use them. Our American system is producing ragged bread lines and unmarketable clothing and foodstuffs, a ghastly contrast.

III. No one can conceive of any intelligent man now doing what Andrew Carnegie did in 1888—writing a book and entitling it "Triumphant Democracy." No one now regards democracy as "triumphant," or even successful, in an economic sense. In fact, our American democracy is little less than an unwholesome myth; economically considered, it is a wretched failure. With over 500 individual incomes exceeding a million dollars and 26 exceeding \$5,000,000, we have at least 6,000,000 of industrial unemployed, reducing probably 25,000,000 of our citizens to dire poverty, many of them to actual suffering. We must still have 30,000,000 to 40,000,000 people living on our farms; only with optimism can one regard 10 per cent of them as really prosperous. Many of the farmers are badly in debt, and are selling their products at much less than the fair cost of production. "The abolition of poverty" is not a shining success.

Turning to ownership, it is commonly accepted that about 4 per cent of our people own 80 per cent of the country's property. Moreover, comparative analysis of the income-tax returns for a period of years (too lengthy and involved for present statement) seems to show a steady drift toward an increasing concentration both of property and income. Our tendency and achievement, economically considered, are plainly antidemocratic.

It may safely be assumed that equality, either in property or in income, is neither possible nor desirable. But such gross inequality as we now have (and increasingly) is, as Mr. R. H. Tawney has pointed out, "a matter of quality of life." Poverty means narrow, pinched lives, unsanitary physical conditions, high infant mortality, and lack of economic security. It takes out most of the joy of life. A permanently poor man is rarely self-respecting.

Conceivably political control, through universal suffrage, may yet be transmuted into control of economic tendency. If so, American democracy will not then be accurately characterized as "an unwholesome myth." Whether this arguable potentiality of political control of economic forces can be so used as to stem the present tide toward greater and greater inequality in property



holdings and in incomes is a fair question for solution by such a collection of our very best minds as the United States Chamber of Commerce. If incapable of solution by that body of our very best minds, the characterization may probably stand as true.

Compare the property holdings and incomes in our modern society with like items under the feudal system, when the great bulk of property consisted of land and its rather meager appurtenances. Of course, the whole product now is much larger than in medieval times. But it may well be questioned whether the inequality, both in property holding and in current income, is not relatively as great now as under the feudal system. We have simply substituted modern methods of appropriation of property and absorption of income for the class and feudal methods.

Such democracy as we have had for two generations has been, in the main, grounded on the homestead act of 1862. Under this act settlers were enabled to get at small cost 160 acres of fertile public land. This resulted in millions of independent farmers establishing wholesome homes in the Mississippi Valley. They were the backbone of our democracy. But the machine age has doomed the small, independent farmer, as it long ago doomed the home weavers in our New England farmhouses. Our drift for several decades has been urban and industrial.

The sources of our excessively large fortunes and incomes are mainly:

- (1) Urban land values and ground rents, all unearned, socially created.
- (2) Subsurface deposits of minerals and metals, also unearned, the rightful property of the whole people.
- (3) Profits derived from corporation manipulations, various forms of stock waterings, largely in public utilities (privately owned monopolies), the rates of which are, in essence, taxes. This source probably grounds more unearned incomes and property than the first two sources.
- (4) Inheritances, which tend to perpetuate and increase the inequalities, mostly originally derived from one or all of the first three sources.

Urban and subsurface values in land may be buttressed under our Constitutions, Federal and State. Doubtless by taxation a partial recognition of the public right therein might be secured. Corporations and inheritances are plainly subject to legislative change.

I. For land permanently destined to agricultural uses, a fee title to surface rights would plainly be the soundest public policy, if the occupants were, generally, the owners. The great increase in tenant farmers and a rack-renting system comparable to that so long prevailing in Ireland (under which the landlord charged his improving tenant rent on the tenant's own improvements) put this policy in serious question. But the chief defect in this policy is that farming land does not always and everywhere remain farming land. Manhattan Island was once a farming community; when it became a great merchandising and financial city the heirs and grantees of the original landowners acquired huge, unearned, fortunes (like the Astors), all created by the teeming population and their customers. Except in degree this result in New York City is typical of the situation in the whole Nation, now become predominantly urban. Consequential high rents are a substantial contributing cause to the present grossly excessive cost of retail distribution. Henry George a half century ago showed the inevitable results of this theory and propounded his remedy in *Progress and Poverty*. No effective step has been taken toward asserting the irrefutable public rights to the socially created, unearned, increment in urban lands. Neither the single tax nor any other remedy has been adopted. We resolutely refuse to "render unto Caesar the things that belong to Caesar."

II. Private ownership of subsurface minerals and metals grounded the Rockefeller billionaire fortune, now benevolently, perhaps beneficently, administered by the younger Rockefeller. It also gave us the coal and iron police of Pennsylvania, the inhuman labor conditions in the West Virginia coal fields, and a horde of steel, copper, oil, etc., multimillionaires, many of them highly undesirable citizens. Witness Teapot Dome.

III. Some aspects of corporation manipulation, particularly by our investment bankers, were dealt with by Mr. Louis D. Brandeis (now Mr. Justice Brandeis) 17 years ago in his book entitled "Other People's Money and How the Bankers Use It." All the evils that he there so brilliantly portrayed are, I think, yet in full force and operation. The amounts of money involved are now larger. The code of business ethics is no better; it may be worse. The same system of bankers trading, in effect, with themselves, to the detriment of other people's money, is now fully operative. The attempt to break the "money trust" by prohibiting certain sorts of interlocking directorates has been ineffective.

The Pujo report and the Stanley report, from both of which Mr. Brandeis made many pertinent quotations, and his cogent exposure of the predatory exploitations of our dominant banking groups (not to mention the other innumerable comparable exposures) have, as I think, produced no reform whatsoever.

Bonuses running as high as a million dollars a year to a single executive seem a new device for enriching the insiders at the expense of the powerless small investors in some of our great corporations. Management, of course, is highly important; but not so important as a new machine or process which may greatly increase output or a market for the product, or both. How any of the managers of the Bethlehem Steel Co. can be worth a million, either to their company or to society as a whole, it is impossi-

ble to understand. A million a year is about five hundred times the wage of a skilled worker. Is there any such chasm between the fair value of the useful activities of manager and of skilled worker? Or is the bonus system simply another illustration of the gross abuse of financial and corporate power?

The history of the last four years puts in fair question the value of our present leadership in business, economics, banking, and Government. The first two years were marked by a wild and senseless gambling craze—as groundless as the Mississippi bubble—encouraged, even instigated, from high official sources.

The last two years have shown an inevitable reaction, with a bewildered and helpless confusion in all quarters never equaled within the memory of man.

Is any one of our leaders worth \$50,000 (more than double the pay of a Supreme Court justice), not to say \$100,000 or \$150,000, a year as leader? Yet such are the salaries paid by our railroad companies and other public utilities, whose rates are essentially taxes, and which are now seeking to impose higher rates on our impecunious and bankrupt farmers. Testing the leaders of our American system by the results they have achieved, it is plain they are not worth what they are charging us.

Turning to our corporation system, we have 48 States competing for corporation charter fees. Most of them are imitating the New Jersey laws of James B. Dill's day. The quest of these competing sovereignties is to furnish such corporation charters as will facilitate the maneuvers and manipulations of our exploiting classes, particularly our investment bankers. The result is a corporation system probably the worst in the world. The stockholder owners of our huge corporations have been bereft of all power of effective control. Only resort to the courts in cases of glaring frauds remains as a remedy for the victims. It is rarely effective.

Obviously, practically all of these State-chartered corporations have their main activities in the field of interstate commerce. A remedy for the worst of their excesses is not far to seek. Speaking from an unverified memory, it was some 20 years ago that President William H. Taft advocated providing for Federal corporations to be given full control of interstate, and probably foreign, corporate transactions. Plainly, a sound Federal business corporation law would go far toward limiting the present abuses.

Another suggestion possibly worth consideration is that the American Bar Association might prepare and recommend the adoption of a uniform State business corporation law. That association has already done useful work in preparing and securing the adoption by most of our States of the uniform sales act and the uniform negotiable instrument act.

The most important feature of a sound and honest corporation law may be stated in two words—limited liability. A chartered corporation should not exist for the purpose of creating fictitious values or for controlling, irresponsibly, other people's property, much less for acquiring without consideration other people's money. The wholesome and proper function of a corporation charter is to enable investment, without personal liability, beyond the actual amount invested. And the investors (stockholders) should have ultimate controlling power by votes, not be disfranchised as they generally now are by various devices.

The performances of the holding company are now a much-discussed public question. The real trouble with the holding company in the field of public utilities is not that it holds; that function is merely a means of providing (frequently desirable) cooperation or consolidation between interstate public-utility companies. The essential evil of the holding company is security watering. The users of the holding-company device have never been able to resist the temptation to issue more securities than the amount of the original investment in the subsidiaries, or even of the value of the properties thus held and controlled. They pad the rate base and sell the padding to the investing public. That is the gist of the present fight against the power companies, not government ownership or operation.

The fundamental question is not whether a government bureaucracy is more or less inefficient than a corporation bureaucracy. Both are bureaucracies—with all the implications of that word. My experience with government bureaucracies has given me a fairly high opinion of their inefficiency. Witness the performance as to our new Federal building in Boston. But one of the wisest and most experienced business men of my acquaintance tells me that the main distinction between a corporation bureaucracy and a government bureaucracy is that the mistakes of the government bureaucracy are generally exposed and publicly known, whereas in the corporation bureaucracy they are, generally, concealed, and thus unknown; that one is no more efficient than the other. This may be so.

Parenthetically, comparison of the history of the building and management of our rail highways with our experience of the last generation in building a great system of motor roads leaves no doubt that the latter job has been, on the whole, the better and more economical of the two. Built by the States, with some Federal help, in part out of bond issues, but largely out of gasoline taxes, the history of the construction of the motor roads compares favorably with that of the railroads.

But the motor service by three to five times, unneeded, competing, gasoline stations, is as wasteful and uneconomic as the building of thousands of miles (now unremunerative) of unneeded, competitive rail highways, largely in the eighties. Plainly, in some kinds of industry, competition costs more than it is worth. Certainly it does in all public utilities—natural monopolies.



IV. Recognition that the family is the unit of a sound civilized society underlies our laws of inheritance. Some of our States carry this recognition so far as to impose substantial limitations on the statutory right of testamentary disposition. Graduated inheritance taxes are our main reliance for asserting dominant social right in the accumulations of our excessively acquisitive decedents. It ought to be applied more generally and drastically—not abolished, as some of our leading bankers and public officials have recently urged. Few would advocate entire abolition of the right to inherit property.

A fundamental principle—the slogan—of our present ruling classes is "no government in business." They carry this even to the extent of epithetical denunciation of government ownership and operation, or even effective regulation of such natural monopolies as railroad, telegraph, power companies, etc. They are not content with applying this doctrine to the great mass of productive industries in which competition is supposed to furnish incentive for progress as well as prevention of extortionate prices—a theory which our "big business men" are constantly seeking to nullify by combinations in restraint of trade—so-called trusts. Indeed, there is at present a strong agitation for repeal of the antitrust acts, thus giving big business a free hand to combine, control, and extort at will. Such are the outstanding phenomena of our present capitalistic régime.

Curiously and inconsistently, we have the spectacle of the Federal Government, in utter disregard of constitutional limitations, going "into business," through the Farm Board and expending hundreds of millions of dollars in the purchase of wheat and cotton. A cruder, more unintelligent, sporadic form of socialism can not be imagined. To stabilize the wheat market is a far more difficult task than to stabilize the coffee, sugar, or rubber market. Wheat is grown in larger and more widespread portions of the earth than either coffee, sugar, or rubber. Its market is a world market, centered in Liverpool. But for obvious political reasons, the present administration abandoned its fundamental and much-vaunted theory of "no business by government," in order to cater to a supposedly important part of our electorate. The only achievements so far have been: (1) To lose large sums of taxpayers' money, which might have been much better used for other purposes; and (2) to increase the already excessive production of wheat and cotton by inciting to more extensive planting.

But this is but one of innumerable illustrations of our chaotic and planless civilization. State socialism, if a feasible and desirable substitute for our present chaos, must be grounded on some intelligent and logical coordination of productive facilities with markets—consumption. It must have regard to fundamental, public right, in natural resources, like, as already noted, subsurface minerals and metals and urban rights in land, as well as natural monopolies, like railroads, power companies, and other public utilities.

A great experiment of this sort is apparently now being carried on in Russia. Its results are being watched with great interest by most of our intelligent classes—with great fear by the subservient, highly vocal organs of our present chaotic and planless, capitalistic system. It is clear enough that the oligarchy now making this experiment in Russia, faces enormous and perhaps insuperable difficulties in giving their controlling theories a fair trial. With a huge and largely illiterate population—spread over an area larger than the entire United States, and made up of many races, speaking many languages or dialects—the experiment of state socialism would seem, superficially, impossible of success. But, so far as one can now ascertain the facts, this experiment is now no more unsuccessful, *mutatis mutandis*, than the ongoing of so-called capitalism in Germany, England, or the United States. It would be rash to prophesy ultimate and general success for state socialism under such conditions as obtain in Soviet Russia. Perhaps the docility and malleability of the great mass of the Russian peasants, accruing from centuries of tyranny under the Czaristic régime, may prove a better fundamental factor for success, in a general and far-reaching experiment in socialism, than would a better-educated and more intellectual population, like that of Germany or England. But the experiment is interesting. At present, it contrasts with conditions in capitalistic countries, with their millions of unemployed. Anyway, it is enough to give us a much-needed dose of modesty about our "American capitalistic system."

Present commodity price conditions remind us of the conditions in the nineties, when we had violent hysteria lest we go to a 50-cent dollar. The gold standard won in 1896. We saw the purchasing power of a gold dollar go to 40 cents. Savings in the nineties were halved, or worse, on the gold basis. Within about two years commodity prices have dropped 20 to 30 per cent. This alone might be a sufficient cause for the world-wide depression in agriculture, in manufacturing, and in merchandizing. The gold standard is again under just suspicion. It clearly is not a reliable measure of value. It causes wide and destructive fluctuations in general prices. It thus works intolerable injustice in the relations of debtors and creditors. A stable currency is a fundamental necessity to any sound and honest economic system. The gold standard is only less bad than paper money; it falls far short of being stable.

Great Britain borrowed over four billions of us, taking the loans in war-priced goods and munitions. Later she agreed to repay us, in gold, in full, with a fair interest rate. International debts must mostly be paid, if at all, in goods and services. On present prices, Great Britain is doomed to pay us three to five times the amount of her real debt. But we settled with France and Italy by composition in bankruptcy. Charging our relations many times

what we do other folks seems based on what George Elliot once called "a cordial blood-relation's hatred." England's attempt to keep the whole world on the gold standard seems now foolish and futile.

We now see much discussion of an "American plan," apparently to be made by an "economic council" with "a board of strategy and planning to survey productive facilities and consumption capacity."

Assuming such "economic council" and its output of a very wise plan, who could make it operative?

"The best-laid schemes o' mice an' men  
Gang aft' a-gley,  
An' lea'e us nought but grief an' pain  
For promis' joy."

Our present dominant and controlling force is profit seeking. Most of our forceful personalities are vigorously active in getting to themselves the utmost possible of natural resources and other people's earnings. They control our Government and our law-making, and much of our law administration. A "plan" without power to effectuate it is words only—futility.

Dr. Nicholas Butler's suggestion that our statesmen and economists might well read and consider Progress and Poverty is the only intimation that I have seen from any responsible, capitalistic source that limiting the opportunities for individual acquisition of socially created property might do something for the hard times. No one else (so far as I have seen) has ventured to suggest that we adopt the policy of "rendering unto Caesar the things that belong to Caesar."

The cures for this present depression suggested in the great mass of financial, economic, and banking literature remind one of the incantations of the medicine men of the American Indians. Their remedies are fantastic or at best sterile.

All governments are, on adequate analysis, oligarchies. The United States is no exception; only in form is it democratic—or even republican. Cutting through form to realities, our real rulers are but a few—many of these few not holding political office. A competent observer has recently given a list, I think, of only 64 men, who, this observer thinks, really rule in America. His list may not be correct; but his general proposition of a controlling oligarchy is clearly true. Our Government has, fairly enough, been called an "invisible government." The number of our real rulers may not be more than in Russia or Italy—probably less than in England.

There is not and never has been any such thing as a "government of the people, by the people, for the people" anywhere, at any time. It is a nonexistent trinity. The most to be sought—or even hoped for—is government for the people. Such a government would be in striking contrast with our Government—especially for the last 10 years.

Our Government, by two opposing parties, has not resulted in giving us any approximate, economic, democracy. In fact, during my generation the main reason for being a Democrat has been to avoid being a Republican. This for over 40 years has been an entirely adequate, though not highly satisfactory, reason for voting the Democratic ticket. In general, probably because of its long lease of dominant power, the Republican Party has been far more plutocratic than the Democratic Party. Under our economic system any party given a long period of domination is almost certain to succumb to plutocracy. That is here and everywhere the great enemy of real democracy. To shift the party in power is merely to apply a slight check, possibly some trifling reforms. But neither party has any general program for an intelligently and effectively planned economic civilization. The most that can be said is that one party is now more generally and subserviently committed to the exploiting and plutocratic forces than the other.

Prophecy is in general a risky undertaking, unless one is a statistician and selling his prophecies at a good price. But it seems fairly safe to prophesy that we shall muddle along, possibly "muddle through," whatever that phrase may mean. At any rate, there is no visible sign that we shall substantially limit the present opportunities for predatory wealth, cut down the existing methods of exploitation, both of productive labor and of natural resources. "Individualism," as its proponents really mean it, connotes keeping essentially all of the outstanding methods of heaping up large fortunes and excessive, unearned incomes. Our present planless civilization will remain, for an indefinite period, planless. It is now predatory and aleatory. So it will remain. Our leaders in business and in government are chance takers. They believe in gambling, at least in social and economic relations to natural resources and to the output of others' labor. We absurdly prohibit, by law, lotteries and some other forms of gambling, while resolutely maintaining an industrial organization essentially aleatory and predatory. Probably the Anglo-Saxons and the Irish are the greatest gamblers in the world. Mr. Winston Churchill, when Chancellor of the Exchequer, proposed to tax betting. He apparently found it the most cherished English industry. At any rate, he abandoned the attempt. The very essence of gambling is getting other people's property without returning value. This also is the essence of our so-called "system." In fact, we do not want stability. We prefer our present chaos, slightly and sporadically modified, to any coordinated and stable system.

We have no respect for property rights grounded on productive work only. Gettings—not producing—we regard as sacred under our Constitution. "Normalcy" with us is a predatory and aleatory capitalism.

The above-described methods of getting what does not really belong to the getters are consistent neither with a sound capi-



talism nor a sound socialism. Instead of promoting individualism and personal incentive of an honest and wholesome kind, they discourage it. A "rugged individualism" is not legitimately grounded on gambling chances for acquiring unearned natural resources, properties socially created, or properties produced by others. An economic system in which property rights should be approximately grounded on useful work, not inconsistent with social welfare, might be called either capitalistic or socialistic, but it would be a tolerant organization and infinitely preferable to our present chaotic and grossly unjust American system.

It is clear enough that our "American system" does not work. Evolution to a better system—not revolution—is the desideratum. Revolutions ordinarily are but new forms of chaos and waste; evolution, though frequently slow and disappointing, is generally constructive.

#### IMPORTATIONS OF COTTON

Mr. SHORTRIDGE. Mr. President, I offer and request that there be printed in the RECORD a resolution adopted by the Chamber of Commerce of Stockton, Calif., in respect to the tariff on long-staple cotton.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

#### Resolution

Whereas it is understood the stocks of imported cotton have been reduced to a point whereby the American producer of staple cotton will soon be able to receive the premiums he is entitled to for his efforts to produce a superior quality of cotton; and

Whereas the Stockton Chamber of Commerce is sympathetic to the interests of agriculture in general and particularly the interests of the cotton growers of the San Joaquin Valley; and

Whereas the San Joaquin Valley cotton growers can and do produce a superior quality of staple cotton of 1½ inches and better; and

Whereas the cotton growers of the San Joaquin Valley did at one time receive a premium of from 2 to 4 cents per pound above market quotations due to the quality and staple of their cotton, which for several years past has not been obtainable, due, in a great extent, to the importation of cotton; and

Whereas the effect of the tariff on imported cotton is just now beginning to have its effect in aiding the cotton grower of the San Joaquin Valley to attain a fair premium on his longer staple lengths because of the reduced stocks of imported cotton: Now, therefore, be it

*Resolved*, That the board of directors of the Stockton Chamber of Commerce, in special session assembled, Thursday, December 3, 1931, working in the interests of agriculture and the cotton growers of the San Joaquin Valley, does hereby urge that the United States Tariff Commission keep in force the import duty of 7 cents per pound on cotton of 1½ inches and better; and be it further

*Resolved*, That a copy of this resolution be spread upon the minutes of the special meeting of the board of directors of the Stockton Chamber of Commerce of Thursday, December 3, 1931, and that copies be sent to the United States Tariff Commission, and all other parties interested.

RALPH W. CARTER, *President*.

A. M. ROBERTSON, *Secretary-Manager*.

This is to certify that this is a true and correct copy of resolution passed by the board of directors of the Stockton Chamber of Commerce in special session assembled, Thursday, December 3, 1931.

A. M. ROBERTSON, *Secretary-Manager*.

#### PROMOTION OF AGRICULTURAL INTERESTS

Mr. CAPPER. Mr. President, I send to the desk certain resolutions adopted at the thirteenth annual convention of the American Farm Bureau Federation on December 9, 1931, at Chicago. The resolutions set forth the views of this organization on legislation now before the Congress affecting the interests of agriculture. I ask unanimous consent to have the resolutions referred to the Committee on Agriculture and Forestry and printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered:

The resolutions are as follows:

Resolutions adopted by American Farm Bureau Federation voting delegates at annual meeting

#### NO. 1. THE AGRICULTURAL MARKETING ACT

In enacting the agricultural marketing act Congress recognized the farm problem and gave to American agriculture a national farm policy. In its declaration of policy Congress declared its intention that the act was designed to dispose of surpluses, to stimulate cooperative marketing of farm products, to make the tariff more effective on farm crops, to provide cooperative marketing associations with credit facilities more nearly comparable to those enjoyed by other groups, and to establish a Farm Board to administer the act in ways to accomplish the above purposes.

Time and experience of more than two years in its operation have demonstrated the inadequacy of the act properly to control

crop surpluses and to make agricultural tariffs effective. The American Farm Bureau Federation has repeatedly stated, and still believes, to accomplish this purpose the equalization fee must be included in the act. We therefore insist that the present Congress amend the agricultural marketing act by including the equalization fee or some other equally effective method whereby the cost of controlling crop surpluses would be borne by each unit of the commodity benefited.

The American Farm Bureau Federation hereby expresses its willingness to support additional amendments that would give further power and authority to the Farm Board for the more complete carrying out of the policies of the act.

We pledge our continued support to the Federal Farm Board in all efforts put forth to administer the marketing act in such manner as will best serve the American farmer and urge that in the development and administration of cooperative marketing organizations the general farm organizations be properly recognized.

#### NO. 2. RURAL CREDITS

It is imperative that substantial improvement be made in the existing credit machinery serving agriculture. Joint-stock land banks should be separated from the Federal land-bank system. The intermediate credit bank should be controlled and operated apart from the land bank. The directorates of both should reflect a personnel representing the stockholders of such banks. The privileges of the intermediate credit system should be made available to agricultural cooperative purchasing groups. The debentures of the intermediate credit bank should be made eligible for note issue or collateral for borrowing by banks in the reserve system.

Federal land banks should be furnished additional governmental capital of at least \$100,000,000, such capital to be redeemed as operations might justify, and thereafter maintained in a separate revolving fund for the purpose of stabilizing the system when necessary by (a) the acquiring of additional capital stock, and/or (b) the purchase of Federal land-bank bonds. Land-bank bonds should be made eligible for bank-reserve investments. The capital stock of the Federal land banks should be held only by members of such banks and transfer of stock should follow loans.

The credit problem involves organization as well as legislative responsibility. The associational feature of the Federal land-bank system should be preserved in building the agricultural credit structure of the country. To that end we recommend that all State farm bureaus include in their programs (1) the strengthening of existing local farm-loan associations and (2) the organization, wherever necessary, of new local farm-loan associations, local agricultural credit corporations, and credit unions. In order to serve cooperatively and more completely the credit needs of agriculture, we recommend to State farm bureaus that they give consideration to this type of credit and that credit unions be organized and properly integrated into our rural credit structure.

#### NO. 3. THE MONETARY PROBLEM

The present period of depression and the falling price level have increased the burden of taxes, interest, debts, and other fixed costs on all producers to an intolerable degree. It now requires 45 per cent more of all commodities and 70 per cent more of farm commodities to pay these costs than it did a few years ago. The long-continued deflation is crushing farmers, merchants, transportation agencies, and all manufacturers except a few most favorably situated, and has caused a declining price of property to such an extent that it has largely eliminated equities and is affecting basic securities to such an extent as to seriously impair the stability of our banking and insurance institutions, thereby endangering the welfare of the general public. It is causing a lowering of all wages and salaries, a process which has only started, and which must of necessity lower the standard of living if continued.

The principal cause of this deflation of values is monetary. When the price of any one commodity falls many causes may be responsible. When the average price level of all commodities fall with the rapidity of the last few years the principal cause is a shortage of money and credit in actual use. Commodity prices are expressed in this country in terms of dollars. Every purchase and sale is the exchange of commodities for dollars. When dollars are scarce it takes a larger amount of commodities to get them. In other words, money is at one end of the balance, commodities at the other. Add to the effective supply of money and prices go up. Reduce the effective supply and prices come down. The above statements are justified and supported by the incontrovertible evidence coming from the experience of all former depressions.

The problem divides itself into two parts: First, the restoration of the price level; and, second, the stabilization of the purchasing power of money.

#### I. RESTORATION OF PRICE LEVEL

Two alternatives face farmers and other business interests at this time: The first is wholesale bankruptcy for farmers, industrialists, transportation agencies, and mercantile establishments and the further deflation of wages and salaries; the second is a rapid rise in the average wholesale commodity price level to a point near that at the beginning of the present deflation, thereby restoring confidence and making it possible for individuals, corporations, and governments to discharge their obligations and to proceed with their undertakings.



All the powers of the Federal reserve system and the executive officials of the Federal Government should be used to bring about the restoration of the price level near the average level at which the present long-time indebtedness was incurred. The most important of these powers are:

1. Open-market purchases of eligible securities.
2. Lowering of rediscount rates.
3. Liberal interpretation of rediscount eligibility rules.

In order to relieve the Federal reserve authorities and other agencies connected therewith from discretionary authority, we recommend and insist that the Federal reserve law be amended so as to make mandatory the exercise of these powers, so far as possible and to the extent necessary, to restore the average wholesale commodity price level to the point indicated.

## II. STABILIZATION OF MONEY

Permanent prosperity in this country demands that the dollar be made an accurate measure of value—that its purchasing power be always constant. This means stability of the average wholesale commodity price level instead of alternate periods of inflation and deflation which are the principal causes of business uncertainty and depression. Fluctuation in the purchasing power of the dollar causes serious losses to debtors in periods of deflation and to creditors in periods of inflation, and benefits only the speculator.

We recommend the following action by Congress to stabilize the purchasing power of money:

1. Direct the Federal reserve system to use all its powers, following restoration of price level, to stabilize the purchasing power of money in so far as possible, using for that purpose all its monetary and credit powers, including currency and credit control, open-market operation, and changes in rediscount rates and in rediscount eligibility rules.
2. Empower and direct the Federal Reserve Board to raise or lower reserve requirements of the Federal reserve banks and to raise or lower the price of gold.
3. Broaden the rediscount eligibility provision of the Federal reserve act.

## NO. 4. TAXATION

We reaffirm the entire series of resolutions on taxation as amended and approved in the 1930 convention at Boston. We commend the State and local farm bureaus for the leadership they have shown in attacking the problems of taxation in the various States and communities.

The present rapidly mounting delinquency in taxes, increasing destruction of property values by confiscatory State and local taxation, and increasing inadequacy of revenues for necessary public services are due largely to unsound systems of revenue.

Unsound systems of revenue, both Federal and State, are due largely to selfish financial and political motives, which manifest themselves in wholesale exemption of many millions of our population of taxable capacity from any direct contribution to the cost of government, and in almost unrestricted competition instead of cooperation among the States and between the States and the Federal Government in matters of revenue. As a first step in correcting our unsound systems of revenue, we favor an act of Congress providing for appointment of a special national tax commission consisting of representatives of every major national economic group and the foremost authorities on taxation to consider and recommend sound and coordinated systems of taxation adapted to the needs of both Federal and State Governments.

## NO. 5. TRANSPORTATION

The resolution of the twelfth annual meeting is reaffirmed.

The earnings of private car lines and other subsidiaries of railroads should be placed under jurisdiction of the Interstate Commerce Commission.

Such consolidation of railroads as will reduce operating expenses and make possible lower freight rates on agricultural products is approved.

The Interstate Commerce Commission is urged to complete as soon as possible its present investigation of such expenditures of the railroads as are not under the supervision of that body as a basis for further action either of legislative or administrative character.

The unfair disadvantage to which the domestic producer is placed in the present system of allowing a lesser rail rate from the seaboard inland on imported than on domestic products should be eliminated.

The Interstate Commerce Commission should be denied the authority of allowing railroads to charge more for a short than for a long haul.

## NO. 6. GRAIN FUTURES ACT

The American public is being called upon for a return of confidence and to put forth every effort for the stabilization of American business, industry, and agriculture. One of the greatest hindering influences to efforts being put forth in these directions is the continued system of short selling operating on the grain and other exchanges of the country. We favor such amendment to the grain futures act as is necessary to give the Secretary of Agriculture full power and authority to regulate and, if necessary, to remove any further operations in short selling (except for legitimate hedging purposes) on the grain exchanges of the country.

## NO. 7. PHILIPPINE INDEPENDENCE

Our Government since the time of the Spanish-American War, in various presidential and congressional documents, has promised

eventual independence to the people of the Philippine Islands. Having protected and educated them in principles of representative government for approximately one-third of a century, it now is logical that inasmuch as the qualified electors of the islands have demonstrated their ability to maintain a stable government under our contacts with them through a Governor General, the time is at hand when our governmental promises should be completely fulfilled. It appears that the Filipinos have progressed to that degree of self-sufficiency as to enable them to maintain a stable government. Continued delay in granting independence to them is the result of large investments of American capital controlled by a few American citizens. Until independence is granted the present situation compels farmers in the United States to meet the unfair competition of Philippine products in our domestic markets.

We insist that independence be granted the Philippine Islands at the earliest possible moment so that the American market can be preserved for the American farmers.

## NO. 8. RELATION OF FARM INCOME TO EXPENSE

The prices of farm products have declined in recent years much faster than have the prices on most commodities which farmers must buy. The prices on machinery, tools, and implements, fencing material, burlap, and various other necessary articles, although showing in some instances small declines in prices, are vastly out of line with the prices of farm crops. The board of directors and officials of the American Farm Bureau Federation are authorized and directed to do everything possible to bring farm income and farm expenses into proper relationship.

## NO. 9. HOME AND COMMUNITY RECOMMENDATIONS

(a) Federal aid for elementary education: We insist that the time has come when the National Government should contribute a proper share in the expenses of elementary education, doing so, however, without the establishment of any additional Federal machinery or officials.

(b) Maternity and infancy legislation: We recommend the further support of legislation in behalf of the infancy and maternity act.

(c) Copyright design bill: We oppose the passage of the so-called copyright design bill.

(d) Truth in fabrics: To secure the public information which is available in buying most other commodities, it is urged that truth-in-fabrics legislation be enacted by Congress.

## NO. 10. TARIFF

The American farmers carry great responsibility for the maintenance of our protective system. If we are to continue this support, tariff schedules must immediately be revised to a basis of equalization as between agriculture and all other industry.

We also insist that such changes be made in the flexible provision of the present law as will enable those responsible for its administration to make it operate effectively in emergencies.

## NO. 11. WATERWAY DEVELOPMENT

All inland waterway development now under construction as an aid in completing the transportation system of our Nation should be completed as soon as possible. Particular attention should now be given to the St. Lawrence deep-waterway channel in hastening the adoption of the treaty negotiations with Canada, and by enacting all necessary enabling legislation to make effective the provisions of the treaty.

Other possible waterway projects should be ascertained by a continuation of the surveys now under way by the Chief of Army Engineers.

## NO. 12. MUSCLE SHOALS

The operation of Muscle Shoals under the direction of organized agriculture along cooperative lines, distributing the products to the farmers on a cost basis, is the most desirable way to handle this project for the benefit of the entire Nation.

## NO. 13. POWER REGULATION

The American public has in former times paid heavily for developments of enterprises which proceeded seemingly without regard to public welfare and frequently in defiance thereto. At the present time the so-called power influence is potent in our Nation and must be brought under control and regulation of Government. The pyramiding of capital costs, the interlocking of directorates in subsidiary or overhead corporations, and the centralized control prevalent within the power group are such as to demand Federal and State legislation in the public welfare. Power sites should not be granted applicants therefor unless financial guarantees of immediate development and penalties for failure to develop are imposed. Power corporations should be compelled to apply, each in its own right, for permits to construct power dams. Transmission lines should be made common carriers of power.

## NO. 14. POSTAL RATES

In any efforts to balance the budget of the Post Office Department we oppose increased rates on first and fourth class matter. The deficit in the Post Office Department is caused largely by other classes of mail service. It is unfair to the main body of citizens who use the first and fourth class services of the Post Office Department, in which classes no material deficit is found, to impose on them higher rates in an effort to overcome the deficit created by such other services.



## NO. 15. WATER-USERS PROBLEMS

The farmers in at least 12 Western States, many of whom live on irrigation districts either Federal or private, have problems in regard to water supply as troublesome and more costly than are the water troubles of the main body of our farmers who live in areas where rainfall is dependent upon to produce crops.

The irrigation farmer is a part of the national agricultural industry and should have devoted to him and to his business the same careful consideration which is sought to be devoted to agriculture in our Nation as a whole.

Wherever reclamation developments now in operation find themselves in need of additional water to be secured by storage or otherwise, of reconstructed works and equipment which have either become obsolete or have outlived the period of usefulness, of additional credit to refinance on longer terms of payment and lesser annual charges both the original indebtedness on the loan and the annual water-right payment, then the settlers on these projects should have the attention and consideration on the part of Federal and State governments, and of the Nation as a whole, which are necessary and essential to the solution of reclamation problems.

Further, wherever these reclamation projects have been denied by power interests or by utility boards of the development and distribution of the power resources resident within the water used for irrigation purposes, all such denials of privileges to use their own water both for power and irrigation should be removed to the end that the profits from power might be used by the reclamation districts as a valuable aid in payment of amortization, interest, and construction charges on the projects.

Whatever new reclamation projects are thought to be necessary should be analyzed, first, to see their future relationships to the national economy of agriculture; and second, to ascertain whether or not farmers on such new projects would be thrown into direct competition with other farmers on established reclamation areas and elsewhere. In assisting settlers on irrigation and drainage districts to refinance themselves on a more equitable basis than originally was thought necessary, legislation should be enacted to provide a revolving fund for use as loans to extend credit periods into longer lengths of time, thereby enabling the farmers more adequately to meet annual payments.

## NO. 16. NATIONAL LAND POLICY

We are unalterably opposed to additional authorization by Congress of any new reclamation projects until consumptive demands meet productive capacity. Upon Congress is urged the immediate adoption of a national land-utilization policy which will provide for the removal from production of large areas of land now generally classed as marginal or submarginal in character. We recognize the impossibility of continuing such lands in production on a profitable basis, and to do so adds to our surplus problems. It is recommended that, in withdrawing these unproductive lands, the public needs for parks, playgrounds, game preserves, future forested areas, and watershed protection be satisfied.

It is further urged that our national land policy include provision for:

The complete inventory of our land resources;  
Taxation adjustments, taking into consideration areas taken from production;

Reclamation projects and policies to be integrated with the national land policy through the Department of Agriculture;

The public domain and national forests to be administered jointly by Federal agencies;

Reforestation on the widest possible scale by Federal, State, county, township, and municipal units of the Government jointly and severally.

## NO. 17. COMMENDING SECRETARY HYDE

We commend Secretary Hyde for his fearless leadership of official agriculture in our Nation, particularly in regard to the manner in which he has discharged the many regulatory responsibilities which have been placed upon the Department of Agriculture in regard to the packer and stockyards act, the grain futures act, the food and drugs act, and the quarantine control measure.

## PRICES OF PORK PRODUCTS

Mr. NORRIS. Mr. President, I would like to make an inquiry of the Senator from Kansas [Mr. CAPPER]. A moment ago he asked to have certain resolutions printed in the Record. Were those resolutions entitled "Live hogs and retail pork prices too far apart"?

Mr. CAPPER. No; I sent to the desk resolutions adopted by the American Farm Bureau Federation at its annual convention in Chicago, which include their declaration on various bills pending in Congress. It covers some six or eight different measures.

Mr. NORRIS. That is a different matter than the one I am about to present, then. Mr. President, I ask leave to print in the Record a statement given to the press by the Federal Farm Board. I want to read just a sentence or two from that statement, as follows:

The figures quoted were developed by the Bureau of Agricultural Economics in the United States Department of Agriculture.

With agencies between the farmer and the consumer making little or no reduction in their margins, practically all the burden of supplying the consuming public with low-priced pork products is being carried by farmers.

I may interpolate that in the earlier part of the bulletin they show how the farmer is getting the same return under the high prices now charged the consumer that he got when the consumer was paying lower prices.

The percentage farmers receive of retail prices of pork products is the smallest on record.

I wish Senators would take notice of this statement, that according to these statistics there has never been a time in the history of the United States when the farmers received retail prices of pork products so small as now.

Current retail prices warrant considerably higher prices for hogs than farmers are receiving.

This statement is issued in the interest of agriculture and business generally, for upon hogs more than any other commodity depends payment of taxes and other bills in a very large section of our country.

Mr. President, I ask that the entire bulletin may be printed in the Record at this point and referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, it is so ordered.

The bulletin is as follows:

## LIVE HOG AND RETAIL PORK PRICES TOO FAR APART

The following statement was made to-day—December 17—by Mr. C. B. Denman, member Federal Farm Board:

"Farmers are receiving much less for live hogs than is justified by prices consumers are paying for pork products. On December 15 prices at New York retail markets for good grade pork chops averaged 26 cents a pound, a reduction of 7 cents, or 21 per cent, from the price December 15, 1930; ham, 22 cents a pound, a reduction of 7½ cents, or 25 per cent; sliced bacon, 32 cents a pound, a reduction of 9 cents, or 22 per cent; picnics, 14½ cents a pound, a reduction of 5½ cents, or 27 per cent; and lard, 13½ cents a pound, a reduction of 3 cents, or 18 per cent, from a year ago. Prices of live hogs at Chicago for the week ending December 12 averaged only \$4.18 a hundredweight compared to \$7.92 for the corresponding week in 1930, a reduction of \$3.74, or 47 per cent. The figures quoted were developed by the Bureau of Agricultural Economics of the United States Department of Agriculture.

"With agencies between the farmer and the consumer making little or no reduction in their margins, practically all the burden of supplying the consuming public with low-priced pork products is being carried by farmers. The percentage farmers receive of retail prices of pork products is the smallest on record. Current retail prices warrant considerably higher prices for hogs than farmers are receiving.

"This statement is issued in the interest of agriculture and business generally, for upon hogs more than any other commodity depends payment of taxes and other bills in a very large section of our country."

## REPORTS OF THE DISTRICT COMMITTEE

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 2077) to relieve the Commissioners of the District of Columbia of certain ministerial duties, reported it without amendment and submitted a report (No. 18) thereon.

He also, from the same committee, to which was referred the bill (S. 1306) to provide for the incorporation of the District of Columbia Commission, George Washington Bicentennial, reported it with an amendment and submitted a report (No. 19) thereon.

## EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. NYE, from the Committee on Public Lands and Surveys, reported favorably the nomination of Walter C. Mendenhall, of Ohio, to be Director of the Geological Survey, vice George Otis Smith, resigned, and also the nominations of several registers of land offices, which were placed on the Executive Calendar.

Mr. HALE, from the Committee on Naval Affairs, reported favorably the nomination of Rear Admiral Orin G. Murfin to be Judge Advocate General of the Navy, with the rank of rear admiral, for a term of four years, and also the nominations of sundry other officers in the Navy; also the nomination of Col. Frederic L. Bradman to be a brigadier general in the Marine Corps from the 20th day of May, 1931; and



also the nominations of sundry other officers in the Marine Corps, which were placed on the Executive Calendar.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES:

A bill (S. 2312) for the relief of farmers in drought and/or storm stricken areas in the State of Washington; to the Committee on Agriculture and Forestry.

A bill (S. 2313) for the erection of a public building at Anacortes, Wash.;

A bill (S. 2314) for the erection of a public building at Montesano, Wash.; and

A bill (S. 2315) for the erection of a public building at Kennewick, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. NYE:

A bill (S. 2316) to regulate election expenditures; to the Committee on the Judiciary.

By Mr. VANDENBERG:

A bill (S. 2317) granting the consent of Congress to the State of Michigan and Berrien County, or either of them, to construct, maintain, and operate a bridge across the St. Joseph River; to the Committee on Commerce.

By Mr. DALE:

A bill (S. 2318) for the relief of the United Marble Cos., Rutland, Vt.; to the Committee on Claims.

A bill (S. 2319) to provide for the retirement of officers and employees of the legislative branch of the Government, and for other purposes; and

A bill (S. 2320) to amend "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920; to the Committee on Civil Service.

By Mr. BRATTON:

A bill (S. 2321) granting an increase of pension to Sarah E. Roberts; to the Committee on Pensions.

A bill (S. 2322) to authorize amendment of the act of February 25, 1927, for the payment of damages caused by reason of the overflow of the Rio Grande on August 17, 1921; to the Committee on Claims.

By Mr. MCGILL:

A bill (S. 2323) granting a pension to Joseph K. Bennett; to the Committee on Pensions.

A bill (S. 2324) to extend the time for allowing suits on insurance contracts under section 19 of the World War veterans' act, 1924, as amended; to the Committee on Finance.

By Mr. KEAN:

A bill (S. 2325) for the relief of the United States Hammered Piston Ring Co.; to the Committee on Claims.

By Mr. ROBINSON of Arkansas:

A bill (S. 2326) to establish fish and game sanctuaries in the national forests; to the Special Committee on Conservation of Wild Life Resources.

By Mr. WHEELER:

A bill (S. 2327) for the relief of Joseph Ford and Henry Ford, half-breed Piegan Indians of the Blackfeet Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

By Mr. CAPPER:

A bill (S. 2328) to provide for the election of the Board of Education of the District of Columbia, and for other purposes;

A bill (S. 2329) to further regulate banking, banks, trust companies, and building and loan associations in the District of Columbia, and for other purposes;

A bill (S. 2330) to authorize the widening of Thirteenth Street NW., in the District of Columbia, and for other purposes;

A bill (S. 2331) to provide for the care, maintenance, and education of children born out of lawful wedlock; and

A bill (S. 2332) to amend section 115a of an act entitled "An act to establish a code of law for the District of Columbia," as amended; to the Committee on the District of Columbia.

By Mr. COUZENS:

A bill (S. 2333) for the relief of employees of the post office at Detroit, Mich.; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 2334) to amend section 3 of the rivers and harbors act, approved June 13, 1902, as amended and supplemented; to the Committee on Commerce.

By Mr. MORRISON:

A bill (S. 2335) for the relief of O. R. York; to the Committee on Claims.

A bill (S. 2336) granting a pension to Mary West; to the Committee on Pensions.

By Mr. HALE:

A bill (S. 2337) for the relief of Percy Harry Thomas; to the Committee on Naval Affairs.

By Mr. STEIWER:

A bill (S. 2338) granting pensions to certain persons who served in the Indian wars from 1817 to 1898; to the Committee on Pensions.

A bill (S. 2339) for the relief of J. A. Tippet, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. Callib, J. J. Beckham, and John Toles; to the Committee on Claims.

By Mr. NORBECK:

A bill (S. 2340) to provide funds for cooperation with the School Board of Shannon County, S. Dak., in the construction of a consolidated high-school building to be available to both white and Indian children; to the Committee on Indian Affairs.

A bill (S. 2341) granting a pension to John H. Kowalski (with accompanying papers);

A bill (S. 2342) granting an increase of pension to George Nath (with accompanying papers); and

A bill (S. 2343) granting a pension to Martin Erikson (with accompanying papers); to the Committee on Pensions.

By Mr. WATSON:

A joint resolution (S. J. Res. 62) authorizing the payment of salaries of the officers and employees of Congress for December, 1931, on the 22d day of that month; to the Committee on Appropriations.

#### CHANGES OF REFERENCE

Mr. SMOOT. Mr. President, recently two bills were messaged over from the House, the bill (H. R. 5821) to provide for the taxation of incomes in the District of Columbia, to repeal certain provisions of law relating to the taxation of intangible personal property in the District of Columbia, and for other purposes, and the bill (H. R. 5822) to provide a tax on the transfer of estates of decedents. These bills were referred to the Committee on Finance. I ask unanimous consent that the Committee on Finance may be discharged from the further consideration of the bills and that they may be referred to the Committee on the District of Columbia.

The VICE PRESIDENT. Without objection, that order will be made.

#### REPORTS ON LAWLESSNESS IN LAW ENFORCEMENT

Mr. CUTTING. Mr. President, I send to the desk a resolution which I would like to have read.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 116) (submitted by Mr. CUTTING, Mr. WALSH of Montana, and Mr. COSTIGAN), as follows:

*Resolved*, That the President of the United States be, and he is hereby, requested to transmit to the Senate any and all reports prepared by experts of the National Commission on Law Observation and Enforcement under the direction of Judge William S. Kenyon, chairman of the subcommittee on lawlessness in law enforcement, including any that may have been made touching the cases of Thomas J. Mooney and Warren K. Billings.

The VICE PRESIDENT. What disposition does the Senator from New Mexico desire to have made of the resolution?

Mr. CUTTING. I ask that the resolution may lie on the table for the present.



The VICE PRESIDENT. The resolution will lie on the table.

#### FOREIGN-DEBT MORATORIUM

The joint resolution (H. J. Res. 147) to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933, was read twice by its title.

Mr. SMOOT. Mr. President, the Finance Committee has already met and considered the joint resolution and instructed me to submit a report upon it which I now send to the desk (Rept. No. 17). Later in the day I shall ask that the Senate consider the joint resolution.

Mr. JOHNSON. Mr. President, I did not hear the request of the Senator.

Mr. SMOOT. I gave notice that I would call up the moratorium measure later in the day. It was considered by the Finance Committee this morning and ordered to be reported, and I have just submitted the report to the Senate.

Mr. JOHNSON. When the Senator says he will call it up later in the day, does he mean to have it taken up for debate to-day?

Mr. SMOOT. Yes; taken up for debate.

Mr. JOHNSON. So far as I may object to any such procedure I shall do so.

Mr. SMOOT. Of course the Senator can object.

Mr. JOHNSON. Then, it will come up Monday in the regular course.

Mr. SMOOT. Yes; it will come up Monday in the regular course.

Mr. JOHNSON. If I should be absent this afternoon—

Mr. SMOOT. That is sufficient. All the Senator has to do is to say that he would object, and I shall then not call it up until Monday.

Mr. JOHNSON. I should object.

Mr. SMOOT. I would judge so from what the Senator said.

Mr. WALSH of Massachusetts. Mr. President, is it contemplated by the Senator from Utah to make the joint resolution the unfinished business?

Mr. SMOOT. I shall bring it up Monday and hope to have it passed on that day.

Mr. WALSH of Massachusetts. Then, I assume the Senator has waived his intention of bringing it up to-day?

Mr. SMOOT. An objection was made by the Senator from California, and, of course, it has to go over a day.

Mr. BARKLEY. Mr. President, is it the intention of the Senator from Utah to seek to have the joint resolution passed prior to the Christmas recess?

Mr. SMOOT. It is.

Mr. WATSON. Mr. President, as I have just come into the Chamber, I would like to ask the Senator from Utah whether he intends to take up the matter for discussion before the Finance Committee this afternoon?

Mr. SMOOT. The Finance Committee has already passed upon it.

Mr. WATSON. There is no further action required by that committee?

Mr. SMOOT. No; there is not.

Mr. WATSON. I wanted that statement made because several members of the Finance Committee had asked me about it.

Mr. JOHNSON. Mr. President, is it the intention of anyone connected with this particular measure to take it up for discussion at all before it is passed?

Mr. SMOOT. The Senator will have a chance to discuss it Monday.

Mr. JOHNSON. Really! I did not realize that! [Laughter.]

Mr. SMOOT. I think the Senator knew that without asking the question.

The VICE PRESIDENT. On objection, the joint resolution goes over.

#### PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, despite the fact that in the hearings before the Senate Committee on Territories and Insular Affairs, considering the subject of Philippine inde-

pendence, the opponents of the bill for independence were unable to give the names of any number of Filipinos who did not favor complete independence. Word-of-mouth propaganda that the substantial Filipino business men did not want independence has been circulated. Now, this is being changed to the statement that they would be satisfied with increased autonomy.

These statements are not correct. Neither the commissioners, Mr. Quezon, General Aguinaldo, or the commission will be satisfied with anything else than independence.

During the past summer General Parker, Chief of the Bureau of Insular Affairs, and myself were guests of the Philippine Chamber of Commerce representing the business men of the Philippine Islands. There were present on that occasion many well-known Filipino business men and financiers. Mr. Isaac Barza, president of this organization, delivered an address which was very vigorously applauded and approved by the audience, showing conclusively that the Filipino business men are for independence.

As the position of the business men on this subject has been called into question I ask permission to insert in the RECORD a resolution adopted by the Philippine Chamber of Commerce, a list of those present at the dinner above referred to, and the address of Mr. Barza, the president of the organization.

The VICE PRESIDENT. Without objection, it is so ordered.

The matters referred to are as follows:

#### RESOLUTION EXPRESSING THE SENTIMENTS OF THE FILIPINO BUSINESS MEN IN FAVOR OF THE LIBERATION OF THE PHILIPPINES

Whereas it has been repeatedly said that only the politicians clamor for Philippine independence; and

Whereas this is the first time that the Filipino business men, as a body, have the opportunity to express their sentiments regarding this matter: Therefore be it

Resolved to express, as it is hereby expressed, That the Filipino business men in national convention assembled strongly favor the national aspiration for independence and are ready to cooperate in the common task for the liberation of the country.

Adopted unanimously in Manila this the 9th day of February of 1929.

Approved.

TEODORO R. YANGCO, *President.*

Attest:

PEDRO J. OCAMPO, *Secretary.*

#### LIST OF GUESTS PRESENT AT A DINNER GIVEN BY THE PHILIPPINE CHAMBER OF COMMERCE, AT THE MANILA HOTEL, JUNE 23, 1931

Hon. Honorio Ventura, secretary of the interior; Hon. Jose Abad Santos, secretary of justice; Hon. Rafael Alunan, secretary of agriculture and natural resources; Hon. Filemon Perez, secretary of commerce and communications; Hon. Ramon Avanceña, chief justice, supreme court of the Philippine Islands; Hon. Juan Sumulong, outgoing senator for the fourth district; Hon. Jose G. Generoso, senator for the fourth district; Hon. Juan Nolasco, incoming senator for the fourth district; Hon. Pedro Gil, outgoing representative for the south district of Manila; Hon. Francisco Varona, representative for the north district of Manila; Hon. Emiliano Tria Tirona, representative for the Province of Cavite; Hon. Thomas Earnshaw, mayor of the city of Manila; Hon. Rafael Palma, president University of the Philippines; Gabino Tabuñar, acting president National University; Dr. Mariano de los Santos, president University of Manila; Dr. Maximo M. Kalaw, dean college of liberal arts, University of the Philippines; Jorge Bocobo, dean college of law, University of the Philippines; Francisco Benitez, dean college of education, University of the Philippines; Vicente Fabella, dean Jose Rizal College; Salvador Lagdameo, insular treasurer of the Philippines; Tomas Confesor, director bureau of commerce and industry; Juan Posadas, Jr., collector of internal revenue; Hon. Guillermo Gomez, under secretary of finance and acting insular collector of customs; F. Segado, purchasing agent bureau of supply; Hon. Teodoro M. Kalaw, director National Library; Hon. Manuel V. del Rosario, acting public service commissioner; Hon. Jorge B. Vargas, president Philippine Columbian; Dr. Jose S. Hilario, president Philippine Medical Association; Dr. Felix Jocson, president Club Filipino; Dr. Nicanor Jacinto, president National Rice Growers' Association; Carlos P. Romulo, managing editor TWT publications; Pedro Aunario, editor La Vanguardia; Vicente A. Pacis, editor The Philippines Herald; Antonio M. Abad, editor La Opinion; Vicente Lopez, president Iloilo Chamber of Commerce; Isaac Barza, president Chamber of Commerce of the Philippine Islands; Gonzalo Puyat, vice president Chamber of Commerce of the Philippine Islands; Jose F. Fernandez, ex-president Chamber of Commerce of the Philippine Islands; Leopoldo R. Aguinaldo, ex-president Chamber of Commerce of the Philippine Islands; Marcos L. Rocas, president Philippine Livestock Association; Toribio Teodoro, director Chamber of Commerce of the Philippine Islands; Eulogio Rodriguez, director Chamber



of Commerce of the Philippine Islands; Primo Arambulo, director Chamber of Commerce of the Philippine Islands; Vicente Madrigal, ex-president Chamber of Commerce of the Philippine Islands; Hon. Ramon J. Fernandez, ex-president Chamber of Commerce of the Philippine Islands; L. M. Heras, ex-president Chamber of Commerce of the Philippine Islands; Fulgencio Borromeo, president Bank of the Philippine Islands; Miguel Cuaderno, acting manager Philippine National Bank; Jose Paez, general manager Manila Railroad Co.; Jose V. Ramirez, ex-president Chamber of Commerce of the Philippine Islands; Enrique Zobel, general manager Ayala y Cia; Rafael Rocas, Comanager Rocas & Co.; Antonio Brias Roxas, general manager San Miguel Brewery; Jose Araneta, manager Philippine Land Improvement Co.; Tirso Lizarraga, manager Lizarraga Hermanos; Antonio P. Roxas, manager Viuda de P. Roxas y Hds. de A. Roxas; Alejandro Rocas, Jr., general manager, TTV publications; Vicente Arias, general manager Palace Bazaar; Cirilaco Tuason, general manager C. Tuason e Hijos; Benito Razon, manager Sorox y Compania; Tomas Mapua, architect, director Mapua Institute of Technology; Jose Tiaoqui, manager La Perla (Inc.); J. J. Osorio, vice president Victorias Milling Co. (Inc.); S. M. Jones, vice president North Negros Sugar Co. (Inc.); Ramon Rocas, publisher of Liwayway and Graphic publications; Rafael Fernandez, real estate and insurance; Gil Puyat, vice president Gonzalo Puyat & Sons Co. (Inc.); Felix M. Ledda, manager C. Alkan & Co.; Francisco Genato, manager Genato Commercial Corporation; Dominador Ambrosio, life underwriter; and Pedro J. Ocampo, secretary-treasurer Chamber of Commerce of the Philippine Islands.

ADDRESS DELIVERED BY MR. ISAAC BARZA, PRESIDENT OF THE CHAMBER OF COMMERCE OF THE PHILIPPINE ISLANDS, AT THE DINNER ON JUNE 23, 1931

Our distinguished guests, Senator HARRY B. HAWES, Gen. Frank Le J. Parker, and members of the congressional party, gentlemen, in the name of the Chamber of Commerce of the Philippine Islands in particular and of the business sector of the Filipino Nation in general, I wish to extend to you our sincere welcome and greetings. In so doing we are not actuated by mere outward courtesy or empty gesture, but by a feeling of genuine gratitude toward you for the unselfish service you have rendered on behalf of our people. We sincerely consider your company a genuine pleasure, a distinct privilege, and a high honor. We feel that only the highest of motives have prompted you to visit these far-flung possessions of the American Empire, hence we place ourselves at your command to assist you in every possible way to accomplish the purpose of your visit.

May it not be amiss to say at the outset of these brief remarks that the Filipino business men, contrary to concerted efforts of rumor, gossip, and calculated misrepresentation, have always been, and are to this moment, convinced that early and absolute Philippine independence will not only be for their best interest but that it is the only permanent solution to the problems of relationship between the American and the Filipino people. While there may be "Tories" among us who can be located by selfish, vicious, and pernicious parties to serve their personal interests, to assert that the Filipino vested interests are against independence is not only un-American but is untrue.

The business sector of the Filipino Nation has time again and at every opportunity consciously and earnestly shown that it is ready to pay the cost of independence. It has rendered spontaneous and whole-hearted support to all campaigns for liberty, and it has repeatedly pledged its loyalty and expressed its faith in those who are patriotically consecrating their lives to the proposition that the Filipinos are entitled to guide and shape their own destinies. Again, very recently, when the news reached us that the Hawes-Cutting bill had passed the committee, we immediately cabled our approval and our support. In spite of all these, our friendly detractors, in patronizing attitude, tell us that we do not want independence.

Hence, the great dilemma. What a plight, what a puzzle we find ourselves in. Everything that we do is misunderstood! Every word that we utter is given the contrary meaning. If we say we want independence, we are told to our face that we do not understand what it is nor would we be willing to pay the cost. Even our motives are questioned. Of course, it will be the height of folly and it will be suicidal to resort to the method used by the fathers of the American Republic in 1776. Even peaceful non-cooperation and passive resistance will be taken as gross ingratitude and an affront to the sovereign power. Any national or patriotic movement, personal or organized, will be looked upon with suspicion and disfavor. What is there then that can be done to convince the sovereign power that we are in dead earnest for our freedom? Perhaps the American people expect the Filipino people to furnish this modern age a novelty, a new method and a new approach in securing our freedom.

It is, therefore, a source of gratification to all of us who are earnestly seeking the right solution of the Philippine question, that our distinguished guests to-night—men whose voices carry great authority and weight in Congress—have come to our land to be able to feel the pulse and throb of our national heart. We are happy that you are here to see and observe for yourselves that here truly exists a national longing, a burning desire, and a determined struggle for independence. You will convince yourselves that there is here a nationalistic spirit—energetic and powerful, yet controlled by reason and patience, dynamic in potentiality, yet tempered by faith and confidence. Here is something

which can not be conveyed in words. It is that, we trust, that our visitors would feel and catch while they are in our midst.

As a natural result of long delays, of seeming evasion, and apparent lack of courage to face our demand for independence, there has developed an atmosphere of uncertainty which is a source of constant suspicion, of irritation, and hushed anxiety. Whatever views one may have, either friendly or unfriendly, to Philippine independence, everyone agrees that the difficulties arising from this atmosphere of uncertainty, are real and actual in all walks of Philippine life, in all phases of national existence. Yes, gentlemen, the evil and pernicious effects of this uncertainty are to be observed not only in our political relationships but even in the other realms that affect, perhaps, more vitally the everyday life, our two peoples. Something should be done to solve these difficulties.

The first important realm that is greatly affected by this political uncertainty is the Philippine-American economic relations. As it is, our national legislature and our leaders in the Filipino participation in the Government are powerless to solve the most important economic problems in the islands, especially when it comes to the problems of tariff and foreign-trade relationships, as these powers are still reserved in the hands of the sovereign government. And when our leaders and our business elements mobilize efforts to utilize the only means within their hands, and when through such laudable efforts as the Economic Katipunan, or the movement for economic protectionism, they attempt to solve the grave economic problems that confront our people, immediately there come accusations of ingratitude and lack of a proper international perspective.

The difficulties, not to speak of the injustices arising from the uncertain status of Filipino-American economic relations, have been so clearly and masterfully discussed by our representatives in the American Congress and by the members of our various missions that an attempt to essay them to-night would be an imposition upon your patience. It should, therefore, suffice to say that from the early dawn of American rule to the present day American economic relations with us have undoubtedly taken a course not so very different from that followed by other empires, not so altruistic in their dealings with their colonies. Congressional measures affecting the economic relations of our two peoples have relegated to the background the best interests of the Filipinos and have been enacted primarily for the benefit of American vested interests. The present tariff legislation, not to mention others, seem to be the most obvious illustration of this fact. The historical pronouncement that the Philippines are "not ours to exploit" but to develop for the benefit of the Filipinos themselves seems to have been but an expression of a pious hope. Even those of us who can not claim thorough knowledge of Philippine tariff relations have been made to realize from recent events that Philippine interests are being served only incidentally when they serve American interests. But we are helpless and our hands are tied. Bold though it may seem, yet in all candor and honesty, and with all our faith and confidence in the motives of America, we might ask the question, What will happen next? In such a situation of uncertainty and of suspense as to the next development, is it little wonder that capital—whether local or foreign—would hesitate to venture into the islands, thus greatly curtailing the profitable and progressive commercial intercourse, as well as the full economic development of the country?

It is not alone in our economic relations where we find the sad and unfortunate effects of this uncertainty of our political status. In the educational field our undefined status has prevented the formulation and execution of plans, adequate and effective, for the development of an indigenous national culture. We have no national educational policy or orientation.

Is it Washington or Rizal who should be held as an example of patriotism? Is the spirit of nationalism, of an admirable love of country, being given its full encouragement, cultivation, and flowering in our public schools? While those at present connected with our school system might, out of loyalty to the work to which they have given the best part of their lives, be inclined to justify the present system, they themselves would admit that there is still so much that can be done that has not yet been done, simply because of the present uncertainty. In our relationship with the American Nation. It must be admitted that, because of this uncertainty, there exists in the public schools, where both American and Filipino teachers are working, a delicate situation, a feeling of caution, of unwholesome secrecy, of a guarded attitude, at times of suspicion between American teachers on one side and the Filipino teachers on the other. Illustrations have been altogether too common in the past few years, revealing this delicate situation existing in the public schools. There have been times when whole schools have gone on strike because of the statements alleged to have been made by this or another American teacher. How can we, in such a situation, hope to develop the ideals of national loyalty and of patriotism; how can we expect the schools to be the fountain of a loyal national citizenry?

This uncertainty of our political situation projects its ugly head to other realms just as vital, especially in the realm of our social relationships, or our international and interracial intercourse. After nearly 30 years of living together, mutual understanding and fellowship is yet to be attained. Our American friends in guarded attitude, due either to a sense of superiority or of sovereignty, have very limited or no social dealings with the Filipinos. In fact, the Filipinos have as great, if not greater, a share of the blame because of their attitude of restraint, of suspicion, and of unwillingness to open the way. Thus a very strained, if not ac-



tually indifferent, state of relationships and feelings exist between the two peoples. Who is the boss, the host, and the guest in this atmosphere of uncertainty? In fact, even in religious circles, where the feeling of fraternity and equality are more to be expected than in other places, these strained relations exist.

Perhaps it is in the government where one finds most evident, though not so apparent, the unwholesome effects of this present uncertain political situation. There is a state of courteous watchful waiting, yet a clear and cautious watchfulness lest one or the other group gets the upper hand. Every new appointment raises the question as to which should be appointed—should it be a Filipino or an American? The appointments of boards of directors of various governmental and quasi-governmental enterprises are guided by the desire of placing either the American or the Filipino membership in the majority. There seems to be an unconscious inclination on the part of each side to be placed in a greater position of power than the other. A more unwholesome atmosphere is unimaginable. Under such undefined, unsettled relationships, it seems difficult to determine as to who are really responsible in the government. One group can as easily escape the responsibility and lay the blame on the other. All of these are results of the present uncertain situation of our political status.

And what is the reason for this uncertainty? Is it because our people have been unwilling to pay the price? Is it because our leaders have been unwilling to put forth the necessary efforts to obtain our coveted goal? Is it because our people have not yet fully shown their intense desire to obtain their national aspirations? Far from it! Our people have been willing to pay the price. Our leaders have not hesitated to go to the full limit of their capabilities and possibilities to bring us nearer the goal. Time and again our people have shown, in actions clear and indubitable, that they are ready and determined to do all that is expected of them to realize their dream.

What is this price that has been paid? It is not in terms of money alone. An estimate has been made of what our campaign in America has cost us in terms of pesos, in which it has been estimated that we have actually spent for our independence missions in the United States the total amount of over two and a half million pesos for the last 15 years since we obtained the Jones law in 1916. We are a poor people, but we have not regretted having spent that much. In fact, we are willing to spend much more. Big commercial concerns are spending proportionately as much, if not much more, every year just for a thorough and adequate publicity for their goods. The returns in greater friendship and understanding, in the formation and establishment of cultural relations, in the winning of more friends such as we have to-night, and many others in the United States, have more than justified the price that has been paid.

But, my friends, it is not in terms of pesos that the greatest price may have to be paid. What is that which may be considered the most costly price that has to be paid? Here in the Pearl of the Orient Seas a whole people, 13,000,000 in number, have been schooled in the spirit of loyalty and confidence, of trust in the altruism of the American Nation, of a child-like faith that the great American people will fulfill the promise they have given of granting the Filipinos their long-coveted freedom. Now, we see all that confidence gradually turning into distrust, that trust being transformed into suspicion, and that child-like faith being replaced by a cold, sour, and bitter cynicism! How sad, how tragic, how heart-rending it is to see such an unwelcome transformation in the spirit and attitude of our people. What a tremendous price to pay! And God grant that the Filipinos will not be forced to pay this price.

But yet there are already indications of a tide of restlessness, of an unescapable feeling of distrust, of an irresistible attitude of suspicion that is gripping our people by the heart. And something must be done before the transformation becomes complete. For over 30 years our people, through their duly constituted authorities and leaders, through their legislatures and through various organizations have by means of peaceful and constitutional methods begged and pleaded for the redemption of the pledge of independence. Mission after mission has been sent to make presentations to the American Congress of the real hope and aspiration of our people. The people are beginning to lose faith not only with respect to American altruism but even, sad to state, with respect to the sincerity of our leaders, through no fault of their own. If our people are to be saved from cynicism and complete disillusionment, this situation must stop. This uncertainty must be solved. The Filipino people desire their independence. This has been promised to them. It is now but meet and proper that such promise should be fulfilled.

That in the solution of this problem, full consideration must be given to its economic consequences, to the actual loss in pesos and centavos that must necessarily come in case of independence, and to the willingness of our people to meet all these consequences with a smile, may be true, but that is beside the point. We are also made to understand, strange as it may seem, that the solution of this Philippine problem is really determined by the struggle between the vested American interests in America and the vested American interests in the Philippines. But that is also beside the point. Only one real issue remains and that is this: Whether in privation or in prosperity, the sincere hope, the earnest wish, and the all-consuming aspiration of the Filipino people is to become immediately and absolutely independent. That has been promised by America. We pray that America will keep her word.

#### BATTLEFIELDS IN UNITED STATES FOR COMMEMORATIVE PURPOSES

The VICE PRESIDENT laid before the Senate the following message from the President, which was read, and, with the accompanying papers, referred to the Committee on Military Affairs:

*To the Congress of the United States:*

In accordance with the provisions of the act of Congress approved June 11, 1926, entitled "An act to provide for the study and investigation of battlefields in the United States for commemorative purposes," I am transmitting a communication from the Secretary of War giving a detailed report of progress made under said act, together with his recommendation for further operations.

HERBERT HOOVER.

THE WHITE HOUSE, December 19, 1931.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed without amendment the joint resolution (S. J. Res. 39) extending the time within which the War Policies Commission is required to submit its final report.

#### PROPOSED HOLIDAY RECESS

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 5), in which it requested the concurrence of the Senate, as follows:

*Resolved by the House of Representatives (the Senate concurring).* That when the two Houses adjourn on Tuesday, December 22, 1931, they stand adjourned until 12 o'clock meridian Monday, January 4, 1932.

Mr. BORAH. Mr. President, is it the intention to bring up to-day the concurrent resolution for a recess?

Mr. McNARY. The intention is to bring it before the Senate for its consideration on Monday.

#### HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 5) was referred to the Committee on Appropriations, as follows:

*Resolved by the House of Representatives (the Senate concurring).* That when the two Houses adjourn on Tuesday, December 22, 1931, they stand adjourned until 12 o'clock meridian Monday, January 4, 1932.

#### AIRWAY BETWEEN PUGET SOUND, WASH., AND MINNEAPOLIS-ST. PAUL, MINN.

Mr. JONES. Mr. President, during the last session of Congress we had an item in an appropriation bill of \$20,000 for a survey of an air mail route along the northern part of the United States. That survey has been made. The report has been sent, with a letter from the Department of Commerce, addressed to me as chairman of the Committee on Appropriations. I ask that it may be printed, with illustrations, as a Senate document. There are some photographs with it, but I do not ask that they be printed. When it is printed I want the original documents returned to the Appropriations Committee.

The VICE PRESIDENT. Without objection, it is so ordered.

#### ADDITIONAL APPROPRIATIONS FOR VETERANS' ADMINISTRATION

Mr. JONES. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the joint resolution (H. J. Res. 141) to provide additional appropriations for the Veterans' Administration for the fiscal year ending June 30, 1932.

The VICE PRESIDENT. Let the joint resolution be read for the information of the Senate.

The Chief Clerk read the resolution (H. J. Res. 141) to provide additional appropriations for the Veterans' Administration for the fiscal year ending June 30, 1932, as follows:

*Resolved, etc.* That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Veterans' Administration for the fiscal year ending June 30, 1932, namely:

Adjusted-service certificate fund: For an additional amount necessary under the World War adjusted compensation act (U. S. C., title 38, secs. 591-683; Supp. V, title 38, secs. 612-682), to provide for the payment of the face value of each adjusted-service certificate in 20 years from its date or on the prior death of the



veteran, and to make loans to veterans and repayments to banks, in accordance with section 507 of the act, as amended, \$200,000,000, to remain available until expended.

Adjusted-service and dependent pay: For an additional amount for "Adjusted-service and dependent pay, Veterans' Bureau," and for reimbursing the adjusted-service certificate fund the amount of disbursements heretofore made therefrom and properly chargeable to the appropriation "Adjusted-service and dependent pay," \$3,925,000, to remain available until expended.

Hospital and domiciliary facilities and services: For carrying out the provisions of the acts entitled "An act to authorize an appropriation to provide additional hospital, domiciliary, and outpatient dispensary facilities for persons entitled to hospitalization under the World War veterans' act, 1924, as amended, and for other purposes," approved March 4, 1931 (46 Stat. 1550); "An act to establish a branch home of the National Home for Disabled Volunteer Soldiers in one of the northwest Pacific States," approved July 3, 1930 (46 Stat. 852); and "An act to provide for the establishment of a branch home of the National Home for Disabled Volunteer Soldiers in one of the Southern States," approved June 21, 1930 (46 Stat. 792), the Administrator of Veterans' Affairs is hereby authorized, subject to the limitations imposed by such acts, to enter into contracts and incur obligations in the full amount of the authorizations provided therein.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. JONES rose.

Mr. REED. Mr. President, will the Senator from Washington explain what this joint resolution proposes to do?

Mr. JONES. I am going to do that. This is an emergency measure. It provides an appropriation of \$3,925,000 for adjusted-service and dependent pay. That is the amount estimated by the department as necessary in order to make the required payments up to the 1st day of July.

The joint resolution also provides for the adjusted-service certificate fund an appropriation of \$200,000,000, which is necessary under the terms of veterans' bonus legislation.

Mr. REED. Does that appropriation relate to the loans which we were told at the last session would be self-contained credit transactions?

Mr. JONES. It relates to those loans, I will say, and this appropriation will provide necessary funds up to the 1st of July, 1932.

There is also one other provision in the joint resolution. There is under existing law an authorization of \$17,877,000 for veterans' hospitals, and so on, which amount has not been appropriated. There is at present no authority for the Veterans' Administration to enter into contracts for the construction of the hospitals. Authority is given in this measure for them to do that. That, in brief, is the purpose of the joint resolution.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Kentucky?

Mr. JONES. I yield.

Mr. BARKLEY. With reference to the amount carried in this joint resolution providing money to be loaned to the ex-service men on their bonus certificates, the Senator will recall that at the last session of Congress, in the day or two in which we had to act upon that measure, it was impossible to offer any amendments in the Senate with any expectation that they might be adopted without endangering the entire bill. So we were compelled to accept the bill as it came from the House.

When the Director of the Veterans' Bureau testified before the Senate Finance Committee he was under the impression that the House bill provided that loans might be made to ex-service men regardless of the date of the bonus certificate, and that it repealed the 2-year provision, so that ex-service men whose certificates were not at least two years old would have the right to borrow money upon them. It turned out subsequently that the director was mistaken; that the House bill did not repeal that section of the original law and, therefore, under the provisions of the bill those who did not rush in immediately to obtain certificates have been penalized for two years because they are denied the right to secure loans upon them.

It strikes me that that is a manifest injustice. The man who was not in a great hurry to get his bonus certificate

certainly ought not to be penalized with reference to ability to borrow money upon it. I have introduced a bill to correct that injustice. The bill has been referred to the Committee on Finance. I should like to offer it as an amendment to the pending joint resolution, but I should like first to ask the Senator from Washington whether he would feel constrained to raise a point of order against such an amendment, it being in the nature of legislation on an appropriation bill?

Mr. JONES. After listening to the Senator's statement, I think I am in very hearty sympathy with his proposition. I believe, however, that the proposal should be acted upon by the legislative committee dealing with such matters and that it should not be put on a joint resolution of this character; certainly not upon an emergency appropriation measure. So I would have to raise the point of order against it.

Mr. BARKLEY. May I, without embarrassing the Senator, inquire whether as a member of the Finance Committee, of which he is a very new and a very delightful and valuable addition, we may expect his cooperation in securing action on the bill to which I have referred?

Mr. JONES. As I have said, from the Senator's statement, it strikes me that it is a very deserving proposition which he proposes; and unless something is brought forward which would cause me to change my mind I would certainly be heartily in favor of favorable action. I think the committee ought to take it up very promptly.

Mr. BARKLEY. I thank the Senator.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Florida?

Mr. JONES. I yield.

Mr. FLETCHER. I am very glad to know the Senator from Kentucky [Mr. BARKLEY] has introduced such a bill; I do not know but that it ought to go to the Committee on Military Affairs; but perhaps it is properly before the Finance Committee, and I hope the Senator will press it so that we may get it before the Senate.

Mr. BARKLEY. It is my intention to do so. I will say to the Senator that the Finance Committee has heretofore handled all ex-service veterans' legislation, and I assume that is the proper committee to which the bill should be referred.

Mr. FLETCHER. That is quite satisfactory to me.

The VICE PRESIDENT. The joint resolution is before the Senate and open to amendment.

The joint resolution was ordered to a third reading, read the third time, and passed.

#### ADDITIONAL APPROPRIATION FOR EMPLOYMENT SERVICE

Mr. JONES. I ask unanimous consent that the Senate proceed to the consideration of the joint resolution (H. J. Res. 142) making an additional appropriation for the employment service, Department of Labor, for the fiscal year ending June 30, 1932.

The VICE PRESIDENT. Let the joint resolution be read for the information of the Senate.

The Chief Clerk read the joint resolution (H. J. Res. 142) making an additional appropriation for the Employment Service, Department of Labor, for the fiscal year ending June 30, 1932, which had been reported from the Committee on Appropriations with an amendment, on page 2, line 2, after the word "organization," to strike out the following provisos:

*Provided further*, That after January 1, 1932, no salary shall be paid in any field employment office under the Employment Service at a rate in excess of \$2,000 per annum: *Provided further*, That this limitation shall not apply to the salary of any State director.

So as to make the joint resolution read:

*Resolved, etc.*, That the sum of \$120,000 is appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1932, for the Employment Service, Department of Labor, including the same objects and purposes specified under this head in the act making appropriations for the Department of Labor for the fiscal year 1932: *Provided*, That no part of this appropriation shall be expended for the establishment or maintenance of any employment office for which suitable space is not furnished free of rent by State, county, or local authority, or by individuals or organizations.



The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. JONES. Mr. President, I think I ought to make a brief statement with reference to this measure. The estimate that came down from the Budget Bureau was for \$168,000. It is proposed to establish 54 new employment offices. The joint resolution as passed by the House makes an appropriation of \$120,000. It is intended, however, that \$120,000 shall take care of the 54 employment offices that may be established throughout the country. As the estimate came down, it was to provide for three employees at each of the offices. There are 96 such offices. At the present time at over half of those offices only two employees are provided for. They are supposed to cover the most important localities in the country. So the House took the position that it was not necessary to make an appropriation of \$168,000 to provide for three employees at all the offices; but, under the joint resolution as the House passed it, provision will be made for three employees at half of the 54 new offices and two employees at the other half.

It was also estimated that \$12,000 for rent, which was included in the \$168,000, was not necessary, as the House put in a provision in this joint resolution requiring the different communities to furnish quarters without cost to the National Government.

The committee has proposed an amendment striking out the last two provisos. Those provisos read as follows:

*Provided further, That after January 1, 1932, no salary shall be paid in any field employment office under the Employment Service at a rate in excess of \$2,000 per annum: Provided further, That this limitation shall not apply to the salary of any State director.*

That language is very broad. I think it was the general opinion of the Appropriations Committee that it not only applied to the \$120,000 appropriated by this joint resolution but also applied to all employees now in the Employment Service and to those who would be appointed hereafter. If that is the correct construction, then, in effect, it starts out on a reduction of salaries. That is a proposition the committee feels we ought not to take up on this deficiency measure. Whatever may be our personal opinion as to whether there should be a cut in the salaries of employees of the Government, whether we favor it or are opposed to it, it is a proposition of great importance and should have careful study and consideration and should not be passed upon on a deficiency measure, the passage of which is very urgent. Furthermore, if it were passed upon here and action taken in accordance with the House provision, that, of course, would be a precedent for the future. So the committee felt that the provisos should be stricken out.

If it was intended merely to apply the limitation to the \$120,000 appropriation, and especially to the \$2,000 item, I want to call the attention of the Senate to the fact that the Secretary of Labor came before the committee and assured us that no one would be employed under this appropriation at a salary to exceed \$2,000. That statement, I think, was given to the House committee also. So these provisos are really not necessary if we want to have the restriction apply to the \$120,000 appropriation and the \$2,000 restriction as to compensation. As I have said, the Secretary of Labor assured the committee that no one would be employed at exceeding \$2,000, and the committee feels that his assurance may be relied upon.

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Montana?

Mr. JONES. I yield.

Mr. WALSH of Montana. Let me inquire of the Senator what is the salary of the State directors?

Mr. JONES. Some State directors are paid \$3,000, some \$3,500, and, I think, one or two, possibly, in New York and Chicago, are paid \$4,000. My impression is, however, the statement was made that not to exceed \$4,000 is paid for State inspectors.

Mr. WALSH of Montana. Is that amount fixed in the discretion of the Secretary?

Mr. JONES. I rather think so.

Mr. WALSH of Montana. What limitations are put upon him under the law?

Mr. JONES. I made inquiry about my State and was told that \$3,500 in my State was the highest salary paid. As I have said, some directors are paid \$3,000. I think the amount paid to each director is stated in the hearings.

Mr. WALSH of Montana. Are those the hearings before the Senate committee or the House committee?

Mr. JONES. They are the hearings before the House committee, and they are available.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Florida?

Mr. JONES. I yield.

Mr. FLETCHER. I am not sure what the conditions are elsewhere, but I know that at the office in Florida, with headquarters at Jacksonville, the director—and he is a very efficient and capable one—has only one clerk. I think that is insufficient, for he can not accomplish the work that he is intended to accomplish with only one clerk. He has to be out of the office a great deal of the time looking up positions and opportunities for people who are seeking employment, and he has only one clerk at the office to conduct the correspondence, which is very considerable, and to attend to the details in connection with the work. I think in the case of these offices there ought to be provision made for at least two clerks in addition to the director. I do not think they can accomplish a very great deal with a director and one clerk at a central office for the State.

Mr. JONES. May I say to the Senator that the director is for the State.

Mr. FLETCHER. Yes.

Mr. JONES. This will provide for two clerks in the offices at any rate.

Mr. FLETCHER. That is all right. I am referring to the State director. He has only one clerk. I was in his office several times this fall, and he had only one clerk.

Mr. JONES. This does not deal with the State director's office at all.

Mr. FLETCHER. The Senator thinks the State director will have two assistants or clerks?

Mr. JONES. This measure does not deal with that. He probably will have what they find he needs. This measure deals only with the employment offices. It does not deal with the director's office.

Mr. FLETCHER. I understood that the only objection to furnishing this additional help there was that they did not have the money.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Nebraska?

Mr. JONES. I yield to the Senator.

Mr. NORRIS. Why does this deficiency appropriation come in here as a joint resolution? That has not been the customary way of dealing with deficiency appropriations, has it?

Mr. JONES. Oh, yes.

Mr. NORRIS. Always?

Mr. JONES. Oh, yes. One body can not make any appropriation except out of its contingent fund by anything except a joint resolution or a bill.

Mr. NORRIS. Yes; I understand that. This, however, according to its heading, is not called an appropriation bill.

Mr. JONES. But it is in effect that. It is a House joint resolution.

Mr. NORRIS. I understand it is in effect that; but that is not the way it has been done in the past, is it?

Mr. JONES. Yes. Where a measure deals with practically one item, or one or two, it is usually called a House joint resolution.

Mr. NORRIS. Why could not this and the other joint resolution have been presented here in the shape of an appropriation bill, called a deficiency bill?



Mr. JONES. They could have been presented in that way, and I see no reason myself why that should not have been done.

Mr. NORRIS. What I am trying to get at is, why this change of procedure? There may be a good reason for it.

Mr. JONES. It is not a change of procedure.

Mr. NORRIS. We have not been doing things in that way in the past.

Mr. JONES. Oh, yes, we have. In the last Congress we passed 10 or 12 House joint resolutions covering one item of appropriation each.

Mr. NORRIS. As I remember, when these deficiency bills come in here they are called deficiency appropriation bills.

Mr. JONES. This is according to the custom. I can not see myself why the measure should not be called a bill, so far as that is concerned.

Mr. NORRIS. Then I should like to ask the Senator what object the House had in view when it put in the two provisos that the Senate committee has stricken out.

Mr. JONES. I have just stated that, and I will try to make it clear.

This provision was offered on the floor of the House. It was not reported by the House Appropriations Committee. As I construe the provision, apparently the intention of it is to see that after the 1st day of January no employee of the employment service, except State directors, shall draw more than \$2,000 as salary. In other words, it applies not only to this \$120,000 item and those who may be appointed under it, but it applies to all those who are already engaged in the service and to all field employment employees hereafter appointed, as the amendment must be construed as making permanent law.

Mr. NORRIS. Mr. President, in the last Congress we had before us an appropriation bill, or perhaps another joint resolution like this—I think, however, it was an appropriation bill—to which a proviso was added that the Senate committee struck out; and it developed that the opposition to the proviso was simply to keep in office a certain person who had been appointed, and whose duties had been entirely taken care of or were believed to have been taken care of by other provisions. He was simply a political appointee. I am not sure that this is it, but it came in the same way, as I remember.

I did not participate much in the debate, but I remember that my colleague [Mr. HOWELL] did; and he had discovered that the object of putting the proviso in originally was to cut off from the pay roll of the United States Government that person, who, it was conceded by everybody, I think, ought to have been cut off before and never ought to have been appointed. He was put in there particularly for political purposes in order to draw a salary while he was engaged in going over the country, campaigning for or against the various people that it was thought best to defeat or to elect.

Is there anything of that kind here?

Mr. JONES. I will say to the Senator, regardless of the merits of the proposition he has referred to, that there is nothing of that kind in this measure. I think that was in the independent offices appropriation bill.

Mr. NORRIS. Probably it was.

Mr. JONES. But I can assure the Senator that there is nothing of that kind here.

Mr. NORRIS. I have had my colleague [Mr. HOWELL] telephoned for. I should like to have him see this item before the joint resolution is passed. I have no personal knowledge of it myself.

Mr. JONES. I can assure the Senator that there is nothing of that kind in this measure.

Mr. NORRIS. Very well; I accept the Senator's assurance.

Mr. JONES. I should like to put in the RECORD at this point the statement that employment has been furnished directly under the Employment Service to 761,425 persons, and in cooperation with the States and counties and municipalities employment has been furnished to 633,646 persons, or a total of 1,395,071 in seven months.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

#### AIR MAIL CONTRACTS

Mr. McKELLAR. Mr. President, I desire to call up from the table Senate Resolution 53, which asks the Postmaster General for certain information. It was brought up yesterday and objected to by the Senator from Oregon [Mr. McNARY], with the understanding that it would be brought up again to-day.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The Chief Clerk read Senate Resolution 53, submitted by Mr. McKELLAR on the 9th instant, as follows:

*Resolved*, That the Postmaster General be, and he is hereby, requested and directed to furnish to the Senate at the earliest practicable moment the following information:

1. A list of the various air mail contracts made for carrying air mail in the United States proper, such list to show the date of the contract, the name of the contractee, the mileage of the contract, the amount of compensation, the route of the contract, and the amounts of mail in pounds of each class carried under each contract. If a space contract has been entered into, give reasons for entering into such space contracts.

2. The same information in reference to all contracts handled by the department for the carriage of mails to foreign countries by air mail.

3. State whether the domestic contracts are uniform and, if so, furnish a copy of the contract entered into. If they differ, point out the differences in such contracts or furnish copies of same.

4. If the contracts for foreign air mail are uniform, furnish a copy of the uniform contracts, and if they differ point out the differences in such contracts.

5. The number and names of the corporations carrying air mail for the Government, the number and names of corporations bidding on contracts and whose bids were rejected, and give copies of all rejected bids.

6. The number of routes and the mileage of each which has been extended since the passage of the Watres Act, and the additional schedules.

7. A map of the United States showing the location and mileage of all routes now being used and showing the main routes and extensions, differentiating the same by markings showing the main routes and extensions on said map separately.

8. Give the names of the officers and the attorneys of each aircraft company carrying mails, together with the names of the board of directors of each company. If any contract is controlled by a holding company or companies, furnish the same information as to holding companies.

9. Finally a tabulated statement concerning all these contracts, showing, among other things, the number of bids received, and the amount of each bid and the reasons for rejecting same, if such bids were rejected, the bid accepted, the changes made in the contract by extension or otherwise, the amounts paid per mile, the amount of space, the number of pounds for the transportation of mail under original contracts, and the changes or extensions, the payments made to the various aircraft carriers and including the method of payment, and the amounts of appropriation and the amount expended out of said appropriation, and finally any other information pertinent to these contracts available in your office.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. BLAINE. Mr. President, I should like to inquire whether the resolution has been reported from a committee.

Mr. McKELLAR. No; it is merely a request for the Postmaster General to furnish certain information in reference to these contracts.

There being no objection, the resolution was considered by the Senate and agreed to.

#### OCEAN MAIL CONTRACTS

Mr. McKELLAR. Mr. President, I make the same request in regard to a similar resolution, Senate Resolution 85, that it be taken from the table and passed. It relates to ocean mail contracts.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The Chief Clerk read Senate Resolution 85, submitted by Mr. McKELLAR on the 14th instant, as follows:

*Resolved*, That the Postmaster General be, and he is hereby, requested and directed to furnish to the Senate at the earliest



practicable moment the following information, as of date June 30, 1931:

1. A list of the various ocean mail contracts made under Title IV, merchant marine act, 1928, with steamship companies for carrying ocean mail, such list showing the date of the contract, the name of the contractee, the mileage of the contract, the amount of compensation, the route of the contract, the number of voyages in fact made, the amounts of mail in pounds of each class carried under said contract on each such voyage, and the name of the vessel making each such voyage. If a space contract has been entered into, the amount of space purchased and paid for, and give reasons for entering into such space contracts.

2. The amounts of compensation which would have been paid for transporting such mail, each voyage, had there been no such contract.

3. State whether such contracts are uniform with each mail-ship company; and if so, furnish a copy of the contract entered into. If the several contracts differ, point out the differences in such contracts and furnish copies of each of same, also copies of the advertisements on which the bids were based, with date of first insertion.

4. The number and names of the corporations carrying ocean mail for the Government under such contracts, whether the said companies are organized under a State or national law or organized under the laws of foreign countries. If such companies or any of the same are owned or controlled by aliens or by foreign steamship companies or other holding companies, then give the names of such owning, holding, or controlling company, with the names of the board of directors of each contracting company and of each holding, controlling, and operating company.

5. The name of any other person or company bidding on contracts and the bids of which were rejected; the amounts of such rejected bids, and the reason for rejecting such bids, if such were rejected.

6. An ocean map showing the route and mileage of all such contracts, and showing the name of the company carrying each.

7. Give the names and officers and attorneys of each such contractor, together with the board of directors of each company.

8. Finally, a tabulated statement concerning all these contracts showing, among other things, the number of bids received, the amount of each bid and the reasons for acceptance or rejection of same, the bids accepted, the changes made in the contracts of any steamship company if changes have been made, the amounts paid per mile, the amount of space, the number of pounds for transportation by each steamship under the original contracts and the changes or extensions of contracts, the payments actually made to various mail-carrying ocean carriers, including the method of payment and the amounts of appropriation and the amounts actually expended out of said appropriation, and finally any other information pertinent to these contracts available in your office.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

#### OVERDUE FEDERAL FARM LOANS

Mr. McKELLAR. Mr. President, Senate Resolution No. 55 is similar to a resolution that has already passed at this session, it being for the same purpose as Senate Resolution 86, already adopted. I ask that Senate Resolution 55 be indefinitely postponed.

The VICE PRESIDENT. Without objection, that order will be made.

#### ECONOMIC CONDITIONS IN THE UNITED STATES

Mr. KEAN. Mr. President, I ask unanimous consent to address the Senate for a short time on a matter of importance.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from New Jersey is recognized.

Mr. KEAN. Mr. President, Germany, through her action in printing paper marks as legal currency, not only destroyed all the savings of her middle classes but also destroyed the savings of many Germans all over the world, who, in their loyalty to their fatherland, believed that the mark would come back. I personally know of Germans in this country who drew their savings out of the savings banks and invested them in German marks, thereby losing the savings of a lifetime. As soon as any question of her ability to pay the reparation arose, naturally Germans, remembering what had occurred a few years before, seized the opportunity to get any moneys they had into foreign countries. This is one of the troubles with Germany to-day.

France, seeing the success Germany made, started printing francs until they went from 19 cents to 2 cents. They have been stabilized at 4 cents. This has wiped out 80 per cent of the savings of the middle class of Frenchmen, and

has reduced the average wage of the French worker by a tremendous amount.

England, staggering under free trade in competition with these countries, with an enormous expenditure for the dole, and with the unwillingness of the labor organizations to meet in wages the competition of the workers of Germany and France, has been forced off the gold basis.

The pound has now gone from \$4.86 down to \$3.40, which is equivalent to a cut in salaries and wages and the dole of more than 30 per cent. Within a few days Japan has gone off the gold basis. The fall of her exchange will reduce wages in Japan and enable her to compete with other countries in the manufacture of cotton goods to sell to China, India, and other countries. America is practically the only free-gold country left. This means that foreign countries and foreign merchants from all over the world will wish to keep their surplus funds in American banks in our large cities, because they know that they can get their money back when called for without a large depreciation in exchange. This means for American enterprises money at reasonable rates if they can show earnings warranting their getting the money.

But, Mr. President, the earnings of our industries and the earnings of our railroads do not warrant at the present time lending them money. We have seen in the past that when a railroad went into the hands of a receiver it could be financed through receiver's certificates, so that to the people living along the line of the railroad it operated as usual. At present should many of our railroads go into the hands of receivers they will not be able to borrow money to operate the roads. A large section of our country may be left without any transportation facilities, the basis of the investments of the savings of our people, through our banks, our life-insurance companies and our fire-insurance companies, our savings institutions. United States bonds have decreased in value 12 per cent in two months, and if any large quantity should be offered will go off still further and probably ruin thousands of banks which are now solvent, and should United States bonds suffer another decline they will become insolvent. State and municipal bonds are now unsalable at anything like reasonable figures. Boston, whose credit is as high as that of any city in the United States, offered two small lots of bonds three days ago, one at  $4\frac{1}{2}$  per cent, which was taken, and the other at  $4\frac{1}{4}$  per cent, for which no bid was received. Four and one-half per cent for a municipal bond, exempt from taxation, is equivalent to  $5\frac{1}{2}$  to  $5\frac{3}{4}$  per cent for a taxable bond. Schenectady, in New York State, received no bids for her bonds. Likewise Mercer County, N. J., received no bids for bonds it offered. At the present time it is impossible to find a market for railroad bonds or industrial bonds owing to the fact that surpluses built up in good times have not declined as far or as fast as railroad bonds.

Our people, it has been estimated, have withdrawn currency from our banks to the amount of more than \$2,000,000,000 dollars and locked it up in either safe-deposit boxes or hiding places.

How restore the confidence of our people? How make these investments safe for our institutions? These are some of the questions that are facing us and which should have the immediate attention of the Senate at the earliest moment.

As I stated the other day, we have been here since the 7th day of December, and as far as relieving this situation is concerned we have accomplished nothing. There is no Member of the Senate who is more anxious to go home than I, but I appeal to the Senators who have had more experience than I whether there is not some way by which we can do something to show that we realize these conditions and that we are going to do our utmost to relieve them.

NANCY H. ROUSE AND OTHERS

Mr. BARKLEY. Mr. President, I ask unanimous consent for the present consideration of Order of Business No. 9, Senate bill 1357, for the relief of Nancy H. Rouse and others.

The PRESIDING OFFICER (Mr. Fess in the chair). The clerk will read the bill for the information of the Senate.



The legislative clerk read the bill, as follows:

*Be it enacted, etc.,* That Nancy H. Rouse, Clara A. Simmons, W. H. Hays, Hallie H. Hamilton, and Bradford P. Hays, owners of a certain farm consisting of 332 acres, more or less, near Camp Knox, in Hardin County, Ky., are hereby authorized to bring suit against the United States of America to recover damages, if any, for loss or losses which they may have sustained or suffered by reason of the establishment, construction, or maintenance of Camp Knox, in the State of Kentucky. Jurisdiction is hereby conferred upon the Court of Claims of the United States or the District Court of the United States for the Western District of Kentucky to hear, consider, determine, and render judgment for the amount of any such damages, if any, as may be found to have been sustained or suffered by the above owners of said property, with the same right of appeal as in other cases, and notwithstanding any lapse of time or statute of limitations: *Provided*, That such action will be brought within one year from the date that this act shall become effective.

The PRESIDING OFFICER. Is there objection to immediate consideration?

Mr. KING. Mr. President, reserving the right to object, let us have an explanation of the bill.

Mr. BARKLEY. Mr. President, a bill exactly like this one passed the Senate at the last session and went to the House, where it was reported by the committee, but was caught in the jam at the end of the session and did not pass.

This bill would simply allow the owners of a farm in Hardin County, Ky., which lies close to Camp Knox to bring suit in the Court of Claims or in a United States district court for damages which they claim were inflicted on the farm by reason of the operation and maintenance of Camp Knox. It would simply allow them to bring the action and, if there were any damages, to recover.

Mr. KING. Mr. President, I have no objection to the bringing of a suit in the Court of Claims for this purpose, but the matter of allowing such suits to be brought in the district courts is still a matter of debate in committees which have considered this very question. It is still a matter of debate as to whether we ought to confer upon Federal courts, or State courts, for that matter, the right to entertain suits of this character. There is no objection to such a suit being brought in the Court of Claims.

Mr. BARKLEY. The owners of the farm involved are farmers in Kentucky. To require them to come to Washington to bring suit in the Court of Claims would amount to a denial of justice. Certainly a Federal court would not be unfair to the United States in the trial of a suit of this sort. I hope the Senator will not object, and that he will not insist on any amendment, because if the bill should be amended in the way he suggests, it would amount to killing the bill.

If these were people of wealth and influence who could come back and forth between Washington and their homes without inconvenience, I would have no objection, but under the circumstances I think they ought to be allowed to go into a court near their home in order to have this question passed on.

Mr. KING. Mr. President, I may say to the Senator that in most of the cases which are brought in the Court of Claims testimony of witnesses is taken at their homes, by deposition, and I think they suffer no disadvantage whatever by reason of having the suit brought in the Court of Claims. It seems to me that until Congress determines upon a policy we should not violate the rule which has been followed. I do not like to object, but I wish the Senator would confine the bill to the consideration of the case before the Court of Claims.

Mr. BARKLEY. I will say to the Senator that if I have another bill of this sort, I shall endeavor to comply with his request, but not in this case.

The PRESIDING OFFICER. Does the Senator from Utah object?

Mr. KING. I will not object, but I think it is a very bad precedent, which we shall live to rue.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

# THE CALENDAR

Mr. McNARY. Mr. President, have we concluded the morning business?

The PRESIDING OFFICER. Morning business is completed, and the next order of business is the consideration of bills on the calendar.

Mr. McNARY. A number of Senators are absent to-day, and in view of that fact I ask unanimous consent that the consideration of the calendar be deferred until Monday.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

## ELECTION OF PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The next order is the election of a President pro tempore, the unfinished business.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Johnson	Reed
Austin	Costigan	Jones	Robinson, Ind.
Bailey	Couzens	Kean	Schall
Bankhead	Cutting	Kendrick	Sheppard
Barbour	Dale	Keyes	Shipstead
Barkley	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Steiwer
Blaine	Fletcher	Logan	Thomas, Idaho
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Townsend
Brookhart	Glass	McNary	Trammell
Broussard	Goldsborough	Metcalf	Vandenberg
Bulkeley	Gore	Morrison	Walcott
Bulow	Hale	Moses	Walsh, Mass.
Byrnes	Harris	Neely	Walsh, Mont.
Capper	Hastings	Norbeck	Waterman
Caraway	Hawes	Norris	Watson
Carey	Hayden	Nye	Wheeler
Connally	Hull	Pittman	White

Mr. PITTMAN. Mr. President, I wish to announce that the junior Senator from Nevada [Mr. ODDIE] has suffered a slight injury, and will not be able to be here to-day on that account.

The PRESIDING OFFICER. Eighty Senators having answered to their names, a quorum is present. The question before the Senate is the election of a President pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). On this vote I have a pair with the junior Senator from Nevada [Mr. ODDIE]. If present that Senator would vote for Senator MOSES. If permitted to vote, I should vote for Senator PITTMAN.

Mr. NORRIS (when Mr. HOWELL's name was called). My colleague the junior Senator from Nebraska [Mr. HOWELL] is absent on official business. He is paired with the Senator from Montana [Mr. WHEELER]. If my colleague [Mr. HOWELL] were present, he would vote for Senator VANDENBERG, and the Senator from Montana [Mr. WHEELER] would, no doubt, vote for Senator PITTMAN.

Mr. JONES (when his name was called). I understand that the Senator from Virginia [Mr. SWANSON] can not be here this afternoon. I am paired with him. I find that I can transfer that pair to the senior Senator from Utah [Mr. SMOOT], which I do, and vote for Senator VANDENBERG.

Mr. LOGAN (when his name was called). May I inquire if the junior Senator from Pennsylvania [Mr. DAVIS] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. LOGAN. I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is necessarily absent. Therefore I withhold my vote. If he were present, the junior Senator from Pennsylvania would vote for Senator MOSES, and if I were permitted to vote I would vote for Senator PITTMAN.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. If he were present, he would vote for Senator PITTMAN, and if I were at liberty to vote I would vote for Senator MOSES.



Mr. METCALF (when his name was called). On this vote I have a pair with the senior Senator from Maryland [Mr. TYDINGS]. Were he here he would vote for Senator PITTMAN, and were I permitted to vote I should vote for Senator MOSES.

Mr. MORRISON (when his name was called). I have a general pair with the senior Senator from West Virginia [Mr. HATFIELD], who is necessarily absent. If he were present, he would vote for Senator MOSES. If I were permitted to vote, I would vote for Senator PITTMAN.

Mr. MOSES (when his name was called). I continue to have a pair on this subject with the Senator from Nevada [Mr. PITTMAN], and therefore withhold my vote.

Mr. REED (when his name was called). I have a pair with the senior Senator from Arkansas [Mr. ROBINSON], who, if present, would vote for Senator PITTMAN; and I, if permitted to vote, would vote for Senator MOSES.

Mr. THOMAS of Oklahoma (when his name was called). On this question I have a pair with the senior Senator from Illinois [Mr. GLENN]. Being unable to obtain a transfer of that pair, I withhold my vote. If permitted to vote, I would vote for Senator PITTMAN, and the senior Senator from Illinois would vote for Senator MOSES.

Mr. WHEELER (when his name was called). I have a pair with the junior Senator from Nebraska [Mr. HOWELL]. I am not sure how he would vote on this matter, but if I were permitted to vote, I would vote for Senator PITTMAN.

The roll call was concluded.

Mr. FESS. I desire to announce the following pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from New York [Mr. COPELAND];

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

If present, the Senator from Rhode Island [Mr. HEBERT], the Senator from Indiana [Mr. ROBINSON], and the Senator from Missouri [Mr. PATTERSON] would vote for Senator MOSES; the senior Senator from New York [Mr. COPELAND], the junior Senator from Mississippi [Mr. STEPHENS], and the junior Senator from New York [Mr. WAGNER] would vote for Senator PITTMAN.

The Senator from Utah [Mr. SMOOT] is paired by transfer with the Senator from Virginia [Mr. SWANSON]. If present, the Senator from Utah would vote for Senator MOSES and the Senator from Virginia would vote for Senator PITTMAN.

The roll call resulted as follows:

#### FOR SENATOR PITTMAN—33

Ashurst	Caraway	Harris	Neely
Bailey	Connally	Hawes	Sheppard
Bankhead	Coolidge	Hayden	Smith
Barkley	Costigan	Hull	Trammell
Black	Dill	Kendrick	Walsh, Mass.
Bratton	Fletcher	King	Walsh, Mont.
Broussard	George	Lewis	
Bulkey	Glass	McGill	
Bulow	Gore	McKellar	

#### FOR SENATOR MOSES—23

Austin	Fess	Keyes	Vandenberg
Barbour	Goldsborough	Norbeck	Walcott
Bingham	Hale	Schall	Waterman
Carey	Hastings	Shortridge	Watson
Dale	Johnson	Stelwer	White
Dickinson	Kean	Townsend	

#### FOR SENATOR VANDENBERG—13

Blaine	Couzens	La Follette	Thomas, Idaho
Borah	Cutting	Norris	
Brookhart	Frazier	Nye	
Capper	Jones	Shipstead	

The VICE PRESIDENT. On this question 33 votes were cast for Senator PITTMAN, 23 for Senator MOSES, and 13 for Senator VANDENBERG. A total of 69 votes were cast; necessary for a choice, 35. No Senator having received a majority of the votes cast, there is no election, and the clerk will again call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). Again announcing my pair with the junior Senator from Nevada [Mr. ODDIE], I withhold my vote.

Mr. JONES (when his name was called). Making the same announcement as before as to the transfer of my pair, I vote for Senator VANDENBERG.

Mr. LOGAN (when his name was called). For the reason announced on the previous roll call, I withhold my vote.

Mr. McNARY (when his name was called). Again announcing my pair with the senior Senator from Mississippi [Mr. HARRISON], I withhold my vote. If permitted to vote, I would vote for Senator MOSES.

Mr. METCALF (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. MORRISON (when his name was called). I have a pair with the senior Senator from West Virginia [Mr. HATFIELD]. If he were present, he would vote for Senator MOSES. If I were permitted to vote, I would vote for Senator PITTMAN.

Mr. MOSES (when his name was called). Repeating the announcement of my pair, I withhold my vote.

Mr. PITTMAN (when his name was called). Reannouncing my pair, I withhold my vote.

Mr. THOMAS of Oklahoma (when his name was called). Making the same statement as formerly, I withhold my vote.

The roll call was concluded.

Mr. REED. I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. If present, he would vote for Senator PITTMAN; and if permitted to vote, I would vote for Senator MOSES.

Mr. ROBINSON of Indiana. I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is detained at home on account of illness. In his absence I withhold my vote. If at liberty to vote, I would vote for Senator MOSES.

Mr. FESS. I desire to announce the following pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from New York [Mr. COPELAND];

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

The Senator from Utah [Mr. SMOOT] is paired by transfer with the Senator from Virginia [Mr. SWANSON]. If present, the Senator from Utah would vote for Senator MOSES and the Senator from Virginia would vote for Senator PITTMAN.

The roll call resulted as follows:

#### FOR SENATOR PITTMAN—34

Ashurst	Caraway	Harris	Neely
Bailey	Connally	Hawes	Sheppard
Bankhead	Coolidge	Hayden	Smith
Barkley	Costigan	Hull	Trammell
Black	Dill	Kendrick	Walsh, Mass.
Bratton	Fletcher	King	Walsh, Mont.
Broussard	George	Lewis	Wheeler
Bulkey	Glass	McGill	
Bulow	Gore	McKellar	

#### FOR SENATOR MOSES—23

Austin	Fess	Keyes	Vandenberg
Barbour	Goldsborough	Norbeck	Walcott
Bingham	Hale	Schall	Waterman
Carey	Hastings	Shortridge	Watson
Dale	Johnson	Stelwer	White
Dickinson	Kean	Townsend	

#### FOR SENATOR VANDENBERG—14

Blaine	Couzens	Jones	Shipstead
Borah	Cutting	La Follette	Thomas, Idaho
Brookhart	Frazier	Norris	
Capper	Howell	Nye	

The VICE PRESIDENT. On this ballot Senator PITTMAN has received 34 votes; Senator MOSES, 23 votes; Senator VANDENBERG, 14 votes. There have been cast 71 votes; 36 necessary for a choice. No Senator having received a majority of the votes cast, there is no election.

COMMEMORATION OF TWO HUNDREDTH ANNIVERSARY OF GEORGE WASHINGTON'S BIRTH

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution coming over from the House of Representatives, to which he calls the attention of the Senator from Ohio [Mr. FESS]. The resolution will be read.



The Chief Clerk read the resolution (H. Con. Res. 4), as follows:

*Resolved by the House of Representatives (the Senate concurring), That a joint committee consisting of three Members of the House of Representatives and three Senators to be appointed by the Speaker of the House of Representatives and the President of the Senate, respectively, is authorized to make suitable arrangements for a fitting and proper celebration in the House of Representatives on February 22, 1932, of the two hundredth anniversary of the birth of George Washington.*

Mr. FESS. I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection?

There being no objection, the resolution was considered and agreed to.

#### SENATOR FROM ALABAMA

Mr. WATSON. I submit a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Let the resolution be reported for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 117), as follows:

*Resolved, That the Select Committee on Senatorial Campaign Expenditures be, and it is hereby, requested to deliver to the Committee on Privileges and Elections all papers, correspondence, documents, and other data in its possession relating to the Heflin-Bankhead senatorial contest for such use as the committee may decide to make of it.*

Mr. WATSON. Mr. President, there is no disagreement whatever between the so-called Nye committee and the subcommittee of the Committee on Privileges and Elections having in charge this contest. This resolution is offered by me merely in order to clarify the situation and make plain the authorization of the committee.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. GEORGE. Mr. President, we on this side of the Chamber know the object of the resolution. It merely calls for this information to be turned over to the subcommittee of the Committee on Privileges and Elections for such use as that committee may desire to make of it. I understand that is the purpose of the resolution.

Mr. WATSON. Yes; that is the language of the resolution.

Mr. NYE. Mr. President, in view of the expression by the Senator from Indiana [Mr. WARSON], there is hardly occasion for any further word in the matter, except perhaps this, that the Select Committee on Senatorial Campaign Expenditures has at no time considered the reports made to it by its field investigators as final. A great deal of information involved in these reports represents merely the findings of investigators, which have not been substantiated in any degree by hearings conducted by the committee. So long as the reports and papers do not carry by reason of their surrender any stamp of official approval on the part of the select committee we have no objection to their being surrendered.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

#### EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

#### BEGINNING OF SENATORIAL TERM

Mr. PITTMAN. Mr. President, I should like to ask the chairman of the Committee on the Judiciary at what probable date his committee will be able to take up the resolution which I submitted relative to the determination of the question as to when a United States Senator becomes a Member of this body?

Mr. NORRIS. Mr. President, in answer to the Senator, I will say that the committee will meet on Monday, and I presume the resolution will come up at that time.

#### STABILIZATION OF CREDIT

Mr. SMITH. Mr. President, I should like to ask a member of the Banking and Currency Committee what is the program in regard to the proposed measure appropriating money to reinforce the credit of the Federal land banks, and also the measure providing for a credit corporation? What is being done in reference to those measures?

Mr. WATSON. Mr. President, in the absence of the Senator from North Dakota [Mr. NORBECK], chairman of the Committee on Banking and Currency, I refer the question to the Senator from Connecticut [Mr. WALCOTT].

Mr. WALCOTT. Mr. President, the subcommittee appointed by the chairman of the Committee on Banking and Currency is meeting every day—morning and afternoon—hearing various witnesses representing the institutions affected by the bill to reestablish the finance corporation, namely, the railroads, the banks, the savings banks, and the insurance companies. We plan a series of hearings running through Tuesday afternoon. I hope we may be able to conclude the hearings by next week and that the subcommittee will then be able to report to the entire Committee on Banking and Currency, so that after the Senate reconvenes, following the Christmas recess, the Senate will have before it a bill which may be discussed.

Mr. SMITH. Does the Senator's statement have reference to the hundred million dollars proposed to be appropriated by a bill that is now being considered?

Mr. WALCOTT. No; it does not; that is a separate bill. We thought the other bill should have the right of way because of the emergency and because it was a larger bill with a broader base, providing a capitalization of \$500,000,000 and authorizing the issuance, when and as needed, of debentures up to one and a half billion dollars guaranteed by the Federal Government. Does that answer the Senator's question?

Mr. SMITH. I was interested more particularly in the measure proposing to provide \$100,000,000, which measure, I understand, the body at the other end of the Capitol is acting on to-day. Has the Senator any knowledge as to what is being done in reference to the fund proposed to reinforce the credit of the land banks?

Mr. WATSON. Mr. President, may I say, in further answer, that the Senator from Wyoming [Mr. CAREY] is chairman of the subcommittee which has that matter in hand? I think they have had a hearing or two. I had a conversation with the Senator from Wyoming a moment ago after my talk with the Senator from South Carolina, in which he evinced his great interest in the subject, and I was informed that the subcommittee was not yet ready to make a report to the full committee, but that some further hearings would be required; that immediately after the reconvening of Congress those hearings would be held, and in a very short time the subcommittee would be ready to report to the full committee its conclusions.

Mr. KING. Mr. President, may I observe that if I understand the position taken by the Senator from Connecticut, as well as that taken by my friend from Indiana, the plan is to issue a billion and a half dollars or more of bonds. Thus we expect to pull ourselves out of this depression by our boot straps. There is no money in the Treasury; we will have to get it by taxation, and we will tax the people of the United States in order to assume the obligations of various corporations in the United States. It seems to me that by practicing economy rather than by issuing more bonds, more tax-exempt securities, we might be rendering a better service to the American people.

#### ADJOURNMENT

Mr. McNARY. I move that the Senate adjourn, the adjournment being until Monday next at 12 o'clock noon.

The motion was agreed to, and (at 1 o'clock and 30 minutes p. m.) the Senate adjourned until Monday, December 21, 1931, at 12 o'clock meridian.



## NOMINATIONS

*Executive nominations received by the Senate December 19, 1931*

## UNITED STATES CIRCUIT JUDGE

John B. Sanborn, of Minnesota, to be United States Circuit Judge, eighth circuit, to succeed Wilbur F. Booth, retired.

## UNITED STATES ATTORNEY

William F. Rampendahl, of Oklahoma, to be United States attorney eastern district of Oklahoma. He is now serving in this position under an appointment by the court.

## MEMBER OF THE UNITED STATES TARIFF COMMISSION

Ira M. Ornburn, of Connecticut, to be a member of the United States Tariff Commission for the remainder of the term expiring June 16, 1933, vice Alfred P. Dennis, deceased.

## HOUSE OF REPRESENTATIVES

SATURDAY, DECEMBER 19, 1931

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Hear us as we look toward Thee, Heavenly Father, and make us men of sturdy codes of morality, of business sagacity, of fidelity, and of noble tenets of religion. Thou whose hands fling back and lift up, from whose fingers slip the stars, be Thou our light and our salvation. Lay restraining fingers upon the lips of unwisdom and hush rash words to silence. Almighty God, may we feel that there is something above us and beneath us that is fundamentally divine. Bless our city and Nation; help them both so that they may become the city and the country of God's love. Let us see Thy leaning face and be satisfied. In the name of Jesus our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed a joint resolution of the House of the following title:

On December 19, 1931:

H. J. Res. 72. Joint resolution to permit the temporary entry into the United States under certain conditions of alien participants and officials of the Third Olympic Winter Games and of the games of the Tenth Olympiad to be held in the United States in 1932.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 141. Joint resolution to provide additional appropriations for the Veterans' Administration for the fiscal year ending June 30, 1932.

The message also announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 142. Joint resolution making an additional appropriation for the Employment Service, Department of Labor, for the fiscal year ending June 30, 1932.

The message also announced that the Senate had concurred in a concurrent resolution of the House of the following title:

H. Con. Res. 4. Concurrent resolution relative to making arrangement for a proper celebration in the House of Representatives on February 22, 1932, of the two hundredth anniversary of the birth of George Washington.

## HOUSE OFFICE BUILDING COMMISSION

The SPEAKER. On the day the House was organized the Chair appointed Mr. Pou, of North Carolina, and Mr. BACHARACH, of New Jersey, as members of the House Office Building

Commission. In order to make a record of it and inform the House, the Chair will ask the Clerk to read the official designation.

The Clerk read as follows:

Pursuant to the provision of title 40, section 175, United States Code, the Chair appoints as members of the House Office Building Commission, to serve with himself, the following Members of the House of Representatives:

Mr. Pou, of North Carolina.

Mr. BACHARACH, of New Jersey.

## WAR POLICIES COMMISSION

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate joint resolution (S. J. Res. 39) extending the time within which the War Policies Commission is required to submit its final report.

The SPEAKER. The gentleman from Alabama asks unanimous consent for the immediate consideration of a joint resolution, which the Clerk will report.

The Clerk read the Senate joint resolution, as follows:

## Senate Joint Resolution 39

Joint resolution extending the time within which the War Policies Commission is required to submit its final report

*Resolved, etc.,* That the time within which the War Policies Commission, created by Public Resolution No. 98, Seventy-first Congress, approved June 27, 1930, was required to submit its final report to the Congress be, and the same is hereby, extended 90 days.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the joint resolution was passed was laid on the table.

## WILLIAM TYLER PAGE

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SNELL]?

There was no objection.

Mr. SNELL. Mr. Speaker, 50 years ago to-day William Tyler Page began his service as a page boy with the House of Representatives. It falls to the lot of very few men to have such a long continued service as Mr. Page has given to this House. As a matter of fact, he has long since ceased to become an employee, but rather a part of the institution itself. He is really a traveling encyclopedia on everything that has taken place during all these years.

I know I express the feelings of the Members on both sides of the aisle when I extend to him our heartiest felicitations, and hope that he will be able to continue to render able, efficient, and intelligent service for many years. [Applause.]

I think we have recognized his services perhaps in a most practical way, and this was done when the gentleman from Illinois, the leader of the majority, offered a resolution recently, which created a permanent position for Mr. Page, and it received the unanimous approval of the Members of this House. We are glad to have had him with us. We recognize that he is an outstanding, loyal American citizen. May he long live. [Applause.]

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LINTHICUM. Mr. Speaker, ladies and gentlemen of the House of Representatives, I should feel remiss, indeed, if I did not express my appreciation, and that of my State, for the fact that William Tyler Page is a resident and native of the State of Maryland, the great free State.

Mr. William Tyler Page, a descendant of President Tyler and Carter Braxton, a "signer," has been here for 50 years, so long that we scarcely regard him as a member of any particular party or as one allied to any particular State, but as the common possession of the Union and of the citizens thereof. We are proud that he is the author of the American Creed [applause], known to every school child in this great



United States. We are proud that it followed the writing of the Star-Spangled Banner by Francis Scott Key, another native of Maryland and great American citizen.

I am very glad, indeed, that this House has provided a permanent position for Mr. Page. He is deserving of it. No man is better informed in House procedure than he. Some distinguished citizen has jokingly said that when they opened the door of the Capitol one morning Mr. William Tyler Page was found on the doorstep, that he was taken in, and has been here ever since. [Laughter and applause.]

I heard Tyler Page relate that one day late in the afternoon he was sitting in the lobby on one of the long sofas "just thinking," no one around, when along came Champ Clark, the great Speaker and Democrat. When he reached Page he turned suddenly and facing him, said, "Tyler, they tell me you were born in this Capitol." "No," said Tyler Page, "I was not, but I shall do as John Quincy Adams did, I shall die here." John Quincy Adams died in a room of the House of Representatives occupied by Page when Clerk. Everyone knows Page and admires him for his ability, his courtesy, and his friendship.

A speech on William Tyler Page would be incomplete without his American Creed:

I believe in the United States of America as a government of the people, by the people, for the people; whose just powers are derived from the consent of the governed; a democracy in a republic; a sovereign Nation of many sovereign States; a perfect Union, one and inseparable, established upon those principles of freedom, equality, justice, and humanity for which American patriots sacrificed their lives and fortunes.

I therefore believe it is my duty to my country to love it, to support its Constitution, to obey its laws, to respect its flag, and to defend it against all enemies.

#### ILLINOIS COAL ON THE WATERWAY

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting a speech made by my colleague, the Hon. CLAUDE V. PARSONS, before the Mississippi Valley Association, Statler Hotel, St. Louis, Mo., November 24, 1931.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

The speech is as follows:

Mr. Chairman and members of the association, I should like to take advantage of this opportunity on behalf of the Saline River Improvement Association, to thank the officers and members of the Mississippi Valley Association for the many courtesies they have shown our members and the efforts and interest exerted in favor of the canalization of the Saline River in order to place Illinois coal on the waterways. The slogan of this association, "All for one and one for all," exhibits the spirit of men of wealth, power, and influence, located North, South, East, and West, who seek to bring to the Mississippi Valley and its tributaries a development that nature partly denied this great inland empire and place it in fair competition with the remainder of America.

There is an old adage "History repeats itself," and no evolution in any age has proven this statement better than the waterways and railroads. In the discovery, exploration, and colonization of America the rivers furnished the arteries of transportation and the earliest settlements were made along the streams. It was more than 300 years after the discovery of America before many inland settlements were made. After the invention of the steamboat, which antedated the railroads by a generation, immigration and settlement took on a new life in the Middle West. It was the quickest and most convenient mode of travel. Being a monopoly unto itself, steamboat owners sought to fill their coffers at the expense of the pioneer. Necessity, as the mother of invention, brought about the invention of the locomotive, which added a new incentive to the winning of the West, and the battle was on between the steamboats and the railroads. Time and speed were the elements that made railway transportation popular, and as the miles of steel were laid down, first to the Mississippi Valley and later across the mountains to the Pacific, inland towns and cities sprang up by the hundreds. Engineers and men of finance saw in the railroad an unlimited possibility for wealth, and through Government subsidies and land grants a network of tracks covered this Union. History has repeated itself. The railroads, having filled their treasury from the fat of the land, occupy the same position to-day that the steamboat and river transportation occupied three-quarters of a century ago.

My subject, "Put Illinois Coal on the Waterways," is a challenge not only to the people of our great State but also to the peoples in the States north and west of the Mississippi River. Nature endowed that section of land north of the Ohio, east of the Mississippi, and south of the Lakes with what appears to be an unlimited supply of the black diamond. Geologists tell us that it

came about because of the great glaciers which inhabited our land in the unknown past. Most of the territory comprising more than 56,000 square miles is underlaid with one or more seams of bituminous coal. Tests that have been conducted in recent years have shown it to be among the very best bituminous coal in the world. There is an area known as the southern Illinois coal field; another, the southwestern; another, the central; and another, the northern Illinois coal field. Wherever you drive over the great hard-road system of Illinois you see dotted on the horizon here and there tipples of this mighty industry.

What I shall say to-day will be in reference to all Illinois coal, but particularly with the section known as the southern Illinois coal field. The counties of Franklin, Williamson, Saline, Gallatin, Hamilton, and White constitute the section that is to be immediately served by the proposed improvement of the Saline River. By referring to the table one will note that in these six counties, located within a radius of 25 miles of the proposed canal, there remains in the bowels of the earth more than 22,000,000 tons of coal. This is one and one-fourth times as much bituminous coal as has been mined in the United States in all of the history of America. If all the coal that had been mined in this country could be placed in one mountain and a like amount mined in southern Illinois placed into another mountain there would still remain underground in southern Illinois enough coal, at the rate southern Illinois has been mining in the past, to keep the industry going for another hundred years. The average amount of coal mined in the United States annually during the past 17 years is a little over 500,000,000 tons. There is enough coal in southern Illinois to furnish the supply of America at that rate for almost 50 years. The average amount of coal mined in the entire State of Illinois for the past 17 years is about 64,000,000 tons annually. The supply in southern Illinois is sufficient to last 344 years if the mines in central and northern Illinois did not produce a lump. To estimate it in a financial way, we have enough coal in this section, if mined and sold at the average retail price, to pay off all of the national debts of every civilized nation of the globe, place \$50,000,000,000 in the Treasury of the United States, and, in addition, provide sufficient funds to make a 9-foot channel in every stream of America from the Atlantic to the Pacific and from the Great Lakes to the Gulf. Therefore you can readily understand why the people of Illinois desire to put their coal on the waterways.

#### Tonnage of coal available for mining in southern Illinois

Counties	No. 2 seam	No. 5 seam	No. 6 seam	Total
Franklin.....		2,176,675,200	3,500,098,684	5,676,773,884
Williamson.....		948,153,600	1,294,135,365	2,242,288,965
Saline.....	2,039,240,000	1,316,229,691	1,294,542,615	4,650,012,306
Gallatin.....	2,815,008,000	1,016,522,698	951,552,000	4,783,082,698
Hamilton.....		1,162,252,800	1,420,531,200	2,582,784,000
White.....		1,150,924,800	1,437,516,297	2,588,441,097
Total.....	4,854,248,000	7,770,758,789	9,868,376,161	22,493,382,950

#### Production of bituminous coal by States

State	1913	1918	1922	1923
Pennsylvania bituminous.....	173,781,217	178,550,741	113,148,308	171,879,913
West Virginia.....	71,254,136	89,935,839	80,488,192	107,899,941
Illinois.....	61,618,744	89,291,105	58,467,736	79,310,075
Kentucky, east.....	11,008,960	20,813,927	28,400,062	33,887,038
Kentucky, west.....	8,517,640	10,798,690	13,734,123	10,890,279
Ohio.....	36,200,527	45,812,943	26,953,791	40,546,443
Indiana.....	17,165,671	30,678,634	19,132,889	26,229,099
Alabama.....	17,678,522	19,184,962	18,324,740	20,457,649
Total.....	396,315,417	484,436,841	358,649,831	491,080,437
All other States.....	82,119,880	84,948,979	63,618,208	73,454,225
Total bituminous coal, United States.....	478,435,297	570,385,820	422,268,039	564,534,662

State	1926	1928	1929	1930
Pennsylvania bituminous.....	153,041,638	131,202,163	143,516,241	122,459,000
West Virginia.....	143,509,340	132,952,159	138,718,855	120,040,000
Illinois.....	69,366,923	55,948,199	60,657,641	53,275,000
Kentucky, east.....	47,460,439	45,583,163	46,025,452	40,497,000
Kentucky, west.....	15,464,023	16,277,216	14,437,148	10,200,000
Ohio.....	27,872,488	15,641,225	23,689,477	23,590,000
Indiana.....	23,186,006	16,378,580	18,344,358	15,840,000
Alabama.....	21,000,962	17,621,362	17,943,923	15,240,000
Total.....	500,901,819	431,604,067	463,133,095	401,101,000
All other States.....	72,435,166	69,140,903	71,855,498	60,529,000
Total bituminous coal, United States.....	573,366,985	500,744,970	534,988,593	461,630,000

In the period of 17 years which elapsed between 1913 and 1930 the total production of bituminous coal in the United States rose from 478,000,000 tons in 1913 to 579,000,000 tons in 1918 and receded to 461,000,000 tons in 1930. In the same period the total coal production in the State of Illinois rose from 61,000,000 tons to 89,000,000 tons in 1918, and receded to 53,000,000 tons in 1930. The actual reduction in coal in the United States from 1913 to 1930 was 17,000,000 tons. In the same period the production in



Illinois dropped 8,000,000 tons, or more than half of the total reduction in the United States. In the same period West Virginia's coal production rose from 71,000,000 tons in 1913 to 120,000,000 tons in 1930. The Kentucky fields rose from less than 20,000,000 tons in 1913 to more than 50,000,000 tons in 1930. The increased activity and production in these two States are due more or less directly to water rates and a combination of water and rail rates. These figures are significant and reflect the condition of stagnation in the southern Illinois mining field.

I direct your attention to the principal coal fields in the United States: Pennsylvania, West Virginia, Illinois, Kentucky, Ohio, Indiana, and Alabama. These States produce more than five-sixths of all the coal mined in America. At the same time, I direct your attention to a group of States served directly and in close proximity to these coal fields. Twenty-four States of the Union centering in and around these coal fields comprise about one-fourth of the land area in the United States and three-fourths of the population. The 1930 census gives these same 24 States 67.95 per cent of the area, population, and volume of wholesale trade in the States of the Union served by the coal-mining centers east of the Mississippi River.

State	Area	Population	Per cent of trade
New York	49,000	12,588,000	25.41
Illinois	56,000	7,630,000	9.87
Pennsylvania	45,000	9,631,000	6.85
Ohio	41,000	6,646,000	4.45
Massachusetts	8,200	4,249,000	4.44
Michigan	58,000	4,842,000	3.13
Georgia	59,000	2,908,000	1.46
New Jersey	8,220	4,041,000	1.46
Wisconsin	56,000	2,939,000	1.41
Indiana	36,000	3,238,000	1.33
Maryland	12,000	1,631,000	1.07
North Carolina	54,000	3,170,000	1.03
Virginia	42,000	2,421,000	.94
Alabama	52,000	2,645,000	.83
Kentucky	40,500	2,614,000	.77
Connecticut	5,000	1,607,000	.75
Mississippi	47,000	2,010,000	.55
West Virginia	24,000	1,730,000	.50
South Carolina	31,000	1,739,000	.48
Rhode Island	1,248	687,000	.43
Delaware	2,370	238,000	.34
Maine	33,000	798,000	.27
New Hampshire	9,341	465,000	.09
Vermont	9,562	360,000	.08
Total 24 States	779,441	90,826,000	67.95
Other 24 States	2,309,078	31,847,046	32.05
Total 48 States	3,088,519	122,775,046	100.00

Wholesale trade in the United States. These States comprise the territory east of the Mississippi River and the two tiers of States just south of the Mason-Dixon line east to the Atlantic Ocean. The other 24 States comprise three-fourths of the land area of the Nation, only one-fourth of the population, and less than one-third of the wholesale trade of the country. It is safe to say that wherever you find the wealth, industry, manufacturing, and trade you will also find the market and consumption for coal. There are other coal fields west of the Mississippi River but small in comparison to the great undeveloped areas in the State of Illinois. Pennsylvania coal is used east and northeast; West Virginia, Ohio, and Indiana coal is used in the Central West and in the Lake port area as well as some of Illinois coal. The markets for Kentucky coal, by virtue of the fact they lie on or near the waterways, are both south and west. By a glance at the map of the United States it is quite apparent that Illinois can not meet the competition east and northeast, because that market belongs to the fields I have just enumerated. Where, then, are the future markets for Illinois coal? They lie in the North, the West, and the far Northwest. These coal deposits are closer by rail and water than any other of the great coal fields of the Nation. And it is for the purpose of reaching these markets both by rail and water that we are seeking to put Illinois coal on the waterways.

To show the unfair competition because of the discrimination of rates I invite your attention to the map showing the movement of coal from southern Illinois to Minnesota, the Dakotas, Nebraska, Iowa, and Wisconsin.

Movement of coal from southern Illinois to—	1923	1930	Loss
Minnesota	1,792,394	478,262	1,314,132
Dakotas	223,906	134,299	89,607
Nebraska	420,017	350,219	69,798
Iowa	2,569,322	1,982,444	586,878
Wisconsin	1,793,976	758,780	1,035,196
Total	6,799,615	3,704,004	3,095,611

Freight rates on coal from southern Illinois to—	Per ton
St. Louis	\$1.30
Chicago	1.90
Davenport	2.34
Kansas City	3.38
Lincoln	3.80

Freight rates on coal from southern Illinois to—	Per ton
Omaha	\$3.62
Sioux City	4.15
St. Paul	3.75

In 1923 we sent into that area almost 7,000,000 tons of coal. In 1930 we sent only 3,704,000 tons, or a loss of more than 3,000,000 tons, or one-third of the total loss of tonnage in the State of Illinois. Our loss in the southern Illinois coal fields in these five States was one-sixth of the entire reduction of mining of bituminous coal in the United States. One of the principal reasons for this loss of market is the discriminatory freight rates which show \$1.30 a ton to St. Louis, a rate of \$3.38 to Kansas City, \$3.62 to Omaha, and \$3.75 to the Twin Cities. It is that market and other markets which we hope to regain and which by right belong to the State of Illinois because of its strategic location.

An important event occurred in St. Paul, Minn., October 2, last, when the first shipment of southern Illinois coal arrived by water at the municipal barge terminal in that city. This coal was shipped by rail to East St. Louis, loaded on barges, and towed to St. Paul. Even with the combination water and rail rates the cost of delivery charges were 45 cents per ton less than a straight rail rate. This feat answers fully the question, "What is a 9-foot channel in the upper Mississippi worth to the Twin Cities and the Northwest in general?" It also proves our contention that Illinois coal should be placed on the waterways. If a saving of 45 cents per ton is made on coal by a combination rail and water rate, how much more saving will be realized on a straight water rate?

The following table shows the basis of cost per ton of coal from the southern Illinois coal fields through the proposed Saline River Canal down the Ohio and up the Mississippi to St. Louis, a distance of 327 miles, which is as follows:

One towboat: Cost of carrying charges, insurance, maintenance, and operation, for 30 days or 720 towboat hours	\$10,000
Ten barges (\$50,000×10=\$500,000): Interest 5 per cent, depreciation 5 per cent, insurance and maintenance 3 per cent.	
Cost per month ( $\frac{1}{12}$ of 13 per cent on \$500)	5,400
Total	15,400

Time of one tow moving 12,000 tons of coal and returning empties, 180 hours.

Coal delivered per month:  $720 \div 180 = 4$ ,  $4 \times 12,000 = 48,000$  tons.

Cost of delivery:	Per ton
Transportation (\$13,400 ÷ 48,000)	per cent. 32
Fire and marine insurance on cargo	do. 3
Loading	cents. 15
Unloading	per cent. 10

The present rail rate from the southern Illinois fields to St. Louis is \$1.30 per ton. The cost on the waterway at 60 cents per ton makes a saving of 70 cents or a total of \$8,400 for every tow of coal transported on the waterways. We would only have to find a new market for 1,200,000 tons of coal to effect a saving of \$840,000 annually which in 10 years will amortize not only the cost of equipment but the cost of the canal in its entirety.

But some may say that you are injuring the railroads, taking away from them their revenue and assisting in their destruction. Others will say that you are seeking to take the markets of other coal fields and thereby contribute to the unemployment situation. Gentlemen, my contention is that with the placing of Illinois coal on the waterways you will make the use of coal so cheap that new uses will be discovered for its consumption and that ultimately it will bring about a revolution in the industrial world. Coal is the largest national resource that we have in the Union. No nation has been destroyed until its immediate national resources were exhausted or its people overcome with graft and stagnation through industrial paralysis. I am not a scientist or a chemist, but I fully believe that the greatest field in which chemists may work to-day is the coal industry. Find new uses for the black diamond, shear it of its dust and its dirt and its nonessential elements and you will bring back to the coal industry the greatest period of development and prosperity that it has ever known.

I have no fight with the railroads. I believe in the present stability and the future development of that great artery of transportation that has made the desert blossom as the rose. No one stands more ready than I to enact wise legislation, which will enable them to compete with those agencies that have taken their passenger, mail, and freight traffic, in order to restore the revenue to the railroad so they can carry on. For three-quarters of a century they had a "wide berth" without competition. But the railroads must realize now that they have competition in the field. Every employee, from the local operator to the railway president, must direct their activities to meet competition as the individuals do in other lines of industry. With the completion of the deep waterways we will place at the disposal of the railroad, terminals and distribution centers, which will give them more tonnage to haul throughout the Middle West and the far West than they have ever enjoyed before. No personal ambition or one line of industry can stand in the way of progress. Westward, ever westward, the sway of empire builds its way. I am for the program of the Mississippi Valley Association. I believe the Federal Government should do it and do it now, and with its completion we will not only have an inland waterway, but an inland inland water-



way. Put Illinois coal upon this waterway and not only we in Illinois but the States west and northwest, who will secure cheaper and better coal, and the industries that will dot their land will sing the song of Illinois with a new fervor.

"By the rivers' gently flowing,  
Illinois, Illinois;  
With thy laden commerce floating,  
Illinois, Illinois;  
To the markets north and west  
Goes our coal, the very best,  
Bring prosperity to its crest,  
Illinois, Illinois;  
Waterways provide the test,  
Illinois."

#### EXTENSION OF REMARKS

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a resolution adopted by Bay Council, No. 51, United Commercial Travellers of America, at Bay City, Mich.

The SPEAKER. The gentleman from Michigan asks unanimous consent to extend his remarks as indicated. Is there objection?

Mr. UNDERHILL. Mr. Speaker, although I am a member of the United Commercial Travellers of America, I shall object to the insertion of this resolution.

#### FLOOD CONTROL AND NAVIGATION

Mr. DRIVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting the address made by my colleague, Mr. WILSON, of Louisiana, at the recent meeting of the National Rivers and Harbors Congress on the subject of the relation of navigation to flood control.

The SPEAKER. Is there objection?

There was no objection.

Mr. DRIVER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by Hon. RILEY J. WILSON, Representative in Congress from Louisiana, at the Twenty-seventh Annual Convention of the National Rivers and Harbors Congress:

Mr. President, ladies and gentlemen of the National Rivers and Harbors Congress, it is always a genuine pleasure to have the opportunity to participate in the work of this organization. The objects and purposes of those who have planned and worked for the improvement to completion of the rivers and harbors of the Nation have been and are now to provide an adequate and dependable navigable waterway system for the purpose of transportation.

Our waterways—rivers, harbors, lakes, and canals—comprise a great natural asset of inestimable value and potential service to the entire Nation.

The realization of this service depends upon the opportunity to use continuously connected and coordinated channels and harbors. The progress made in the last few years entitles you to the continued cooperation and support of all, be they in official life or engaged in industrial and agricultural activities. I feel that we have reached the point where we should give greater consideration to the relation of flood control to navigation. The people of the Mississippi Valley appreciate the assistance given by the National Rivers and Harbors Congress and other waterway organizations to secure the enactment of legislation for the control of flood waters in the alluvial valley of the Mississippi River. I feel that I can express a like appreciation for those interested in the Sacramento River of California. Practically every inland waterway presenting the problem of improvement for navigation to a certain degree presents the problem of flood control that will aid and secure dependable all-the-year-round navigation of the stream affected.

Take, for instance, the Sacramento River of California, which was embraced in the flood control act of 1917. The work for the control of the floods of that stream, coordinated with that for navigation purposes, has in addition to protecting against floods made possible uninterrupted navigation for a distance of 150 miles, from the mouth of the river to the city of Sacramento.

For the improvement of the Ohio River for navigation from Pittsburgh to Cairo the Federal Government has spent about \$150,000,000. On the Allegheny and Monongahela Rivers, which by their confluence at Pittsburgh form the Ohio River, a serious problem in relation to flood control is presented. This problem is such that it sometimes endangers to a large extent the safety of the city of Pittsburgh. In low-water stages the channel of the Ohio River becomes inadequate to handle the prospective tonnage. According to the report of the Flood Commission of Pittsburgh perfect security to that city could be obtained by impounding the floods on the Allegheny and Monongahela which would be released during low-water periods and guarantee uninterrupted navigation all the way to Cairo.

The report and recommendations of the Flood Commission of Pittsburgh has not been adopted and followed for economic reasons. In other words, the cost for the completion of the reservoirs for water storage at the sources of the Allegheny and Monongahela Rivers was too great, but when we consider the possibilities

of flood damages to that area and the importance of uninterrupted traffic from Pittsburgh to Cairo and to the Gulf and the markets of the world, I believe a reconsideration of that phase of the problem would be justified.

Take the Mississippi River system as a whole. The mileage of navigable waterways which we have under consideration for improvement for the purposes of navigation, is about 14,000 miles. On practically every tributary as well as the main channel along with the improvement for navigation arises the question of flood control. Wherever this work can be coordinated to secure valuable results that policy should be adopted. The objects and purposes of flood control and navigation are in a general way the same. The declaration of Congress as a basis for the passage of the first flood control act of 1917 was as follows:

"The control of the Mississippi River is a national problem, and the preservation of the depth of its water for the purpose of navigation, the building of levees to maintain the integrity of its channel, and the prevention of the overflow of the land and its consequent devastation, resulting in the interruption of interstate commerce, the disorganization of the mail service, and the enormous loss of life and property, impose an obligation which alone can be discharged by the General Government."

This declaration applies to other streams embraced within our comprehensive plans and policy of improvement for the purposes of navigation, and especially those composing the Mississippi River system—tributaries to the main channel.

Many of the members of this organization, cities, chambers of commerce, boards of trade, and individuals represented and present here to-day are looking forward with the same interest toward improvement for flood control as for the purposes of navigation. According to my judgment, the announced objects and purposes of the National Rivers and Harbors Congress for national service can well be applied to and coordinated with those of flood control. I quote the announcement taken from the proceedings of 1926 in which it is stated that the National Rivers and Harbors Congress has "as its ultimate goal, through the adoption of such a broad and comprehensive policy, the development of a unified, interrelated, and connected national system of waterways, including inland rivers and intracoastal canals which, supplementing and correlated with railways and highways, would provide the foundation for and guarantee the future economic security and supremacy of the United States."

I submit that such a goal can best be achieved and maintained by linking improvements for navigation with the work for the control of flood waters wherever practical. This will prevent devastation and destruction of life and property and at the same time improve and preserve the integrity of channels. The most important work on the greatest problem we have in this connection is on the Mississippi River from Cape Girardeau to the Head of the Passes. I believe that all engineers with experience agree that the work for flood control on this project in the past has been an aid to navigation.

Up until the passage of the flood control act of 1917 the Federal Government had taken and maintained the position that its interest and jurisdiction on the Mississippi River and its alluvial valley was for the purpose of navigation only, and consented to and engaged in the work of flood control only to such an extent as it would be an aid to navigation.

We are familiar with the complaints that were made to the effect that confinement and control of the waters in the channel of the river had caused the bed of the river to rise, and had an adverse effect on navigation, and that such conditions existed on all rivers where like flood-control work had been constructed, especially the Danube and the Po, but investigations made by engineers prove such reports to be unfounded and that on the other hand the channels had been improved, deepened, and the carrying capacity for flood waters increased, as well as preserved more dependable channels for navigation.

In this connection I call attention to the testimony of Maj. J. A. Ockerson, member of the Mississippi River Commission, before the Committee on Commerce of the United States Senate, March 3, 1914. This testimony showed that 41,000 soundings were made between the Arkansas River and Vicksburg, Miss., a distance of 200 miles, and from Vicksburg, Miss., to Donaldsonville, La., a distance of 272 miles, covering a period, as I recall, of about 12 years. I quote from his testimony: "The result of this investigation in a general way was that the capacity of the bed of the stream to carry flood waters was materially increased; that the crest of the bars had been materially lowered. The tendency is toward a bed of more uniform depth and of a larger capacity." Major Ockerson had also made an examination of the Danube and the Po, with like results.

I am glad to know that an examination is now under way under the direction of the Chief of Engineers on the Mississippi River from the Arkansas River to the Head of the Passes to secure additional and more scientific information for an increased carrying capacity of the main channel for flood waters and its improvement for greater safety in navigation. One engineer has described the Mississippi as "a lawless stream," but all agree that it fights for a uniform channel. If it can be found that the enlargement and deepening of this channel can secure a continued enlargement and uniform carrying capacity for its flood waters, it will be a wonderful relief in safety to the people of Arkansas, Mississippi, and Louisiana, and will result in a saving of millions of dollars of expenditures by the Federal Government.

The Atchafalaya River in Louisiana presents a like problem except that it is subject to more rapid change. Reports of our



engineers show that within the past 10 years in certain sections its carrying capacity has increased more than 30 per cent. If the flood waters entering the Atchafalaya could be put under more direct control and a more rapid discharge provided into the Gulf of Mexico, this would open up a way for the perfect improvement for navigation and a substantial and effective relief for devastating floods.

There are many other instances of equal importance, and I appeal to this association that earnest consideration be given to the question of coordinating the work of flood control with that of navigation. I suggest further that if a bond issue is proposed for the execution and completion of projects now approved or hereafter authorized for navigation that like consideration be given to flood control.

#### ECONOMIC SITUATION

Mr. MOORE of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing the address of the senior Senator from Ohio [Senator Fess] before the Republican National Committee last Tuesday.

The SPEAKER. The gentleman from Ohio asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

Mr. MOORE of Ohio. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by Senator Fess, of Ohio, chairman of the Republican National Committee, before the Republican National Committee on Tuesday, December 15, 1931:

#### ADDRESS OF SENATOR FESS, OF OHIO

The evils of war are never confined to human suffering on the battle front nor within the time of the duration of the conflict. They extend to an economic breakdown which must inevitably follow the contest and will persist over a long period. Mr. Balfour well expressed the inevitable results when he said, "How glad we ought to be that we did not lose since victory is so costly."

Twelve years after the close of the world's most sanguine conflict we record its aftermath in an overturn of governments representing one-half the population of the earth, where the voice of the people has given way to that of the dictator. We have seen well-established monetary systems abandoned, followed by an almost complete breakdown of credit structure. Maximum employment stressed by the necessities of war has given way to the most widespread unemployment known in our modern system of civilization. Statesmen the world over are put to the most supreme test to meet and solve these consequences of war. Fully as high a type of leadership is demanded in this after-war peace period as is required in the arena of military conflict.

In addition to the actual destruction of wealth incident to war there are inevitable dislocations in every avenue of productive activity. These dislocations suspend the economic forces of a prosperous people. While our own country has not suffered in the degree that the peoples of other countries have, the inevitable results denote an interruption of industry with a more or less deranged credit system and consequent large unemployment. Fortunately for this country we still have all the basic elements of a great and prosperous people awaiting coordination into a sound business organization. We have the same resources in agriculture, with our fields just as productive as ever before. We have our transportation system intact, disturbed mainly by an increase of transportation agencies. We have ample bank resources with abundant funds, and the greatest gold supply in the history of the world awaiting an opportunity to be safely employed. We have our manufacturing plants capable of producing, not only our needs but those of the world, embarrassed only by an overexpansion under the stress of war's demands. We have the same industrial and business leadership in the organization of industry that we had before the war. We have the same skilled labor with the ability to produce per unit beyond that of any labor in the world. These elements, the foundation of a great and prosperous people, are all intact awaiting an opportunity for activity.

In every crisis where unemployment and suffering have resulted, no general organized effort was ever undertaken for relief. The charitable agencies in each community were left under their own impulse to take such steps as the demands of humanity would impress upon them. How different is the Hoover method. Back in midsummer, long before acute suffering had overtaken us, he called to his aid one of the outstanding men of business and placed upon his shoulders the task of taking the lead in organizing a nation-wide system of caring for the unemployed. At this time, with the opening of winter, this organization, through its efforts in stimulating human agencies throughout America, has this problem well in hand and is meeting every call of humanity with the largest output of human relief from the American people yet recorded in the history of mankind.

If the President succeeds in nothing more than preventing great suffering during this period of depression, and preventing the advocates of the dole seizing upon it as the occasion to fasten upon our country through their widespread sympathy for the unemployed a system with which England is struggling, that service alone would be found to distinguish him in history. Fortunately he is having support in this effort of vast numbers of organizations, including the American Federation of Labor.

Our President, recognizing the imminence of a breakdown of our purchasing power, which in the last analysis is the best test of the welfare of the people, mobilized at once the forces of the production of wealth, including not only the representatives of labor and capital, but the leadership of special units of industry, and secured an agreement that as far as it was possible the program of betterments and improvements would not be lessened, but if possible increased, and the wage scale sustained. An immediate result of this agreement is the proof of its wisdom in the almost total absence of labor troubles, with a better spirit and feeling between labor and capital than has been displayed in our history.

Supplemental to this proposal, the administration launched upon a constructive program including not only construction under the Federal Government but also under State and municipality. The Federal share of this program shows an increase of construction from \$250,000,000 to at least \$750,000,000 of public funds. This is well matched by State and municipality in the interest of absorbing the maximum of unemployment.

While our foreign relations have been the very best, with our country not only at peace with all the world but a leader in the resuscitation from the effects of the World War, there has been much concern about the effect upon our own people of forces that are now operating beyond the sea. Our country's efforts to relieve the staggering burdens under which the peoples of the world are suffering are well displayed in what was done in the Washington Conference of 1921 and 1922, the Kellogg peace pact, and the London Naval Conference. This policy is further being extended in such influence as can be rendered in the Geneva Conference looking to further reduction of these burdens.

War's exactions have been so impelling that obligations already entered into may fall, in which case default will result. Such a collapse on the part of any great government in Europe would have an appalling effect upon the people of our own country. The interrelation between governments to-day is so close that a default on the part of one government would be felt among the people of all governments. This would especially be true in the case of a breakdown in Germany, to whom American funds were loaned for purposes of readjustment after the war. A default in meeting these obligations would further disturb our credit system by absorbing much of the liquid assets in our larger banks, which otherwise could be loaned to productive industry. To avoid such a calamity the President sought, with commendable expedition, the approval of the leadership of both political parties to a moratorium, allowing a period for readjustment. The approval of this executive request was not only world-wide but was stupendous in its immediate results.

The steady rise in the price current of commodities on the stock exchange, due largely on the one hand to the abundance of funds available in the land, and on the other to the speculative spirit that was consuming our people, continued its dizzy heights until the limit was reached, when the crash came and the price current precipitately took the downward course. As loans were made during the upward trend on too high a basis of security, these securities in the downward trend went so low that neither could obligations be paid in full, nor renewals be made on the same basis, and a condition of frozen assets throughout the United States found almost every bank in the country heavily loaded with long-time obligations secured by real estate at too high a figure. In time a situation like this forced banks, perfectly sound, with abundant assets, but unrealizable, to close.

In order to meet such a situation, which was an inevitable result of war's inflation, the President secured the cooperation of leaders of finance to form a credit corporation, with a reservoir of a half billion dollars from which funds could be secured to forestall further closings incident to a fright that induced depositors to withdraw their funds. The theory of this proposal was that the mere creation of such a pool would obviate any great demand since the depositor, knowing that the bank could secure necessary funds, would not think of withdrawing his deposits. This theory has been notably demonstrated by the very small call for the subscriptions to the pool, and the very small number of solicitations of banks for aid. It is to be hoped that with this fear removed these funds may be applied to the sound banks that have been closed.

As a further relief of the credit system the President has recommended a home-mortgage bank system to deal with the long-time obligations secured by real estate as the Federal Reserve Board deals with commercial paper. If Congress will speedily react in giving this remedial legislation, there is no doubt that the frozen-asset situation will be substantially relieved at a very early date.

It has been also suggested that there be liberalization of the Federal reserve system so as to enlarge in a degree the eligible paper to be discounted by that system.

One of the great industries of America, the prosperity of which must be the prosperity of the people, is the steam-line transportation, which in the main must remain the chief reliance for this service. The financing of this great enterprise has become a problem. There are other industries that may be in a similar situation.

The President is recommending something like the revival of the War Finance Corporation to operate during the emergency as that corporation operated during the war to supply relief for the time being to these great industries which are temporarily disturbed.

The administration has taken the longest step yet taken in giving governmental relief to agriculture in an effort to place agriculture on an equality with other industries.

While in former crises the President then at the head of the Government was inclined to leave the forces undisturbed to work themselves out, President Hoover has felt that the crisis through



which the world is now passing is so widespread and its menaces are so imminent that drastic treatment is demanded, and he has supplied a type of leadership without precedent in American history. His efforts are as wide as the suffering of his people. His plans are invested with the purpose of relief. Were it not that we are approaching a presidential campaign, Mr. Hoover would be the most widely supported public man in his efforts for relief here, which are no less distinguished than his efforts in Belgium during the war.

It is regrettable that in the exigencies of party politics political leaders are inclined to employ a depression as a basis for utilizing the unthinking disaffected who have been taught to look to the Government for relief. It offers an opportunity on a partisan basis to seize upon the depression as the one chance of riding into office. The great temptation will induce leaders to withhold support which otherwise would be generously given.

An intelligent public opinion must be formed. It is the purpose of this committee to assist in convincing the disaffected that the President is not responsible for the spots on the sun, the storms at sea, the droughts on land, nor the numerous epidemics that frequently sweep sections of the country. Our business is to place Mr. Hoover in the minds of the public where his stupendous efforts and brilliant leadership justify. This stage reached, there will be no doubt about the results of the contest next November.

Seen from the long-distance point of view, our country is riding the waves of an economic storm. It is not unlike the best-built ship overtaken by a storm at sea. The decks are washed by the waves, the furniture of the ship thrown topsy-turvy, the passengers confined to their staterooms, and the crew bewildered as the storm smashes through the portholes. In the midst of the confusion both passengers and crew are aware that on the bridge stands the pilot with a poised brain and steady hand. He is directing the ship in her course. Her speed is somewhat lowered. Her machinery is being tested, but both passengers and crew have confidence that under this leadership the ship will safely reach the port. Such is the leadership of President Hoover, and such will be the confidence of the American people when they fully realize the elements at play through which the ship of state is now passing.

#### RECESS OVER THE HOLIDAYS

Mr. RAINEY. Mr. Speaker, I offer a resolution and ask for its immediate consideration.

The SPEAKER. The gentleman from Illinois offers a resolution, which the Clerk will report.

The Clerk read as follows:

#### House Concurrent Resolution 5

*Resolved by the House of Representatives (the Senate concurring), That when the two Houses adjourn on Tuesday, December 22, 1931, they stand adjourned until 12 o'clock meridian, Monday, January 4, 1932.*

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

#### SOVIET RUSSIA

Mr. FISH. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a radio speech I made against the recognition of Soviet Russia.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD by printing a radio speech he made on the subject of Soviet Russia. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made over radio station WOR, November 22, 1931:

I am opposed to the diplomatic recognition of Soviet Russia, because there is no sound reason for the recognition of any foreign nation unless that nation abides by the principles and accepted practice of international law. I am opposed to the recognition of Soviet Russia by the United States, because such recognition presupposes a friendly government and friendly relationship, which do not and can not exist.

The recognition of the Soviet Government, controlled by the Russian Communist Party, which seeks to sow seeds of class hatred, atheism, and world revolution in every noncommunist country, would be a lie to international law and to official diplomatic relations.

Former Secretary of State Elihu Root summed up the American position in the following able and concise statement: "The recognition of one government by another is not a mere courtesy. It is an act having a definite and specific meaning, and it involves an acceptance by the recognizing government of the principles, purposes, and avowed intentions of the recognized government as being in conformity with the rules which govern the conduct of civilized nations toward each other. For the United States to recognize Russia would be to publicly acknowledge that the avowed purpose of the present Russian Government to overthrow

by force our system of government is consistent with international friendship. Of course, that would be a lie."

I accepted the invitation to speak or debate against the recognition of Soviet Russia with considerable reluctance, as I regard the issue merely an academic one, in view of the steadfast and consistent policy of nonrecognition adopted by every administration from that of Woodrow Wilson to that of Herbert Hoover.

There is not a crumb of comfort to the recognitionists in the clear-cut statements made by the various Secretaries of State, beginning with Hon. Bainbridge Colby, when he said, "The existing régime in Russia is based on the negation of every principle of honor and good faith and every usage and convention underlying the whole structure of international law, the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals."

Charles Evans Hughes stated in 1923, when he was Secretary of State, "There would seem to be at this time no reason for negotiations. The American Government, as the President said in his message to the Congress, is not proposing to barter away its principles. Most serious is the continued propaganda to overthrow the institutions of this country. This Government can enter no negotiations until these efforts directed from Moscow are abandoned."

It seems to me that there is no room for argument, the American people will not compromise with any attempts of foreign governments to meddle or interfere with our domestic institutions and, of course, will not tolerate the revolutionary activities and the vicious and diseased propaganda of the Communist Internationale, with headquarters at Moscow, directed at our civil liberties, our free institutions, and our republican form of Government.

I decline to argue whether the Soviet Government is strictly responsible for the acts of the Communist Internationale, further than to quote Zinovieff, the former head of the Communist Internationale, who said at the fourth congress of the Internationale regarding its relation to the Soviet Government: "It would be laughable to ask who has the advantages and who is the subject and who is the object. It is the foundation and roof of the same building; one belongs to the other." The Russian Communist Party, the Soviet Government, and the Red Internationale have interlocking directorates, and all three take their orders from the political bureau headed by Stalin and Molotov. Their fundamental aim is world revolution and the establishment of the dictatorship of the proletariat throughout the world by force and violence.

There is an admirable trait that any political party in America can take from the Communist Party, and that is that they always adhere strictly to their party platform. That is one characteristic that we can admire in the Communist Party, as it has stood steadfastly for 15 years for its original principles of world revolution, class hatred, and hatred of God.

The committee appointed by the House of Representatives, of which I had the honor to be chairman, to investigate communist activities and propaganda in the United States, was convinced that the most effective way of combating communism in the United States was to give the fullest possible publicity to the fundamental principles and aims of the communists, which are the same throughout the world, as they are not likely to prove acceptable to any considerable number of American citizens unless camouflaged by extraneous issues, such as unemployment insurance, protection of foreign born, or other current topics that have nothing to do with communism.

Communism is easy to define, as the aims and purposes of the communist in Moscow, Berlin, New York, Los Angeles, and Peking are the same, and all take their orders from the Communist Internationale, with headquarters in Moscow, and obey them implicitly and are apparently proud of their allegiance to the red flag and the Soviet Union. What is the definition of communism? Communism is a world-wide political organization advocating (1) hatred of God and all forms of religious beliefs; (2) destruction of private property and inheritance; (3) promotion of the bitterest kind of class hatred; (4) use of revolutionary propaganda through the Communist Internationale, stirring up communist activities in foreign countries in order to cause strikes, riots, sabotage, and industrial unrest; (5) destruction of all forms of representative or democratic government, including civil liberties, such as freedom of speech, of the press, of assembly, and trial by jury; (6) the ultimate and final objective is by means of world revolution to establish the dictatorship of the so-called proletariat into a world union of soviet socialist republics, with the world capital at Moscow.

Under the Declaration of Independence, the American people have the acknowledged right to revolution whenever there are sufficient evils, abuses, and injustices under our form of government to warrant such a course. Happily, we have no need to consider such a possibility. We have the right to put on our own little revolution any time we want, but the American people do not propose to have a revolution made to order for us by any foreign power and particularly by Stalin and the Communist International at Moscow.

We do not intend to recognize Soviet Russia, because we do not propose to have the Soviet consulates established in all the industrial cities of the United States to become nests of communist propaganda and class hatred. We are not afraid of such revolutionary propaganda in our midst, but we do not propose to admit it any more than we would leprosy, bubonic plague, or typhus.



We have plenty of preventative hygiene in the United States and many wonderful modern hospitals and able surgeons and could segregate and take care of such dread diseases.

It is a libel against the American people to say that they are afraid of communist propaganda. Why the Regular Army, National Guard, American Legion, and Veterans of Foreign Wars could, using a Russian word, liquidate all the communists in the United States in a few weeks time, in case of any attempt at a communist revolution.

Just because other nations have recognized Soviet Russia for selfish and ulterior reasons is no reason why we should and, besides, most of them have been sorry. France recognized Russia, hoping to settle or adjust the vast pre-war loans made by the French people to Russia; Italy recognized Soviet Russia, because she wants to buy wheat, coal, lumber, and oil cheaply. England did so because of the platform pledges of the Socialist Labor Party, recently repudiated by the English people. Germany did because prior to the World War she did \$500,000,000 worth of export trade with Russia and was in dire need to restore such a near-by market for her goods.

The fact is that the United States, which has declined to recognize Soviet Russia, has done four times as much export trade with Russia since the armistice than she did prior to the World War with the czar's régime, and all the other big nations that have recognized Soviet Russia are doing many times less trade with her.

The Soviet 5-year program, which has for its acknowledged ultimate purpose world revolution, is near collapse for want of capital, and unless American capitalists provide funds and extend loans and credit the famous 5-year program will come to a sudden and startling end, and with it all ideas of world revolution.

Lenin was right when he said that the capitalists will commit suicide for temporary profit; that is exactly what selfish and shortsighted American capitalists have done for sake of greed and 30 pieces of silver, to help build up the 5-year program and bring the forced labor of Russia, paid 20 cents a day, in competition with free American labor, paid \$3 a day and upward.

I predict that if the 5-year program succeeds, we will lose a billion dollars annually in our export trade to foreign markets in four commodities alone—wheat, oil, lumber, and cotton—within the next few years.

Soviet Russia is intensely anxious for recognition from the United States in order to float loans, without which her gigantic program of world economic competition, capitalistic ruin, and world revolution will collapse and sink into oblivion.

I shall never vote or urge the American people, through diplomatic recognition, to place the stamp of their approval upon the Godless Soviet Government as long as she continues a relentless campaign to persecute and destroy the Christian and Jewish faiths in Russia. I shall never vote in the Congress of the United States to favor recognition as long as the Communist International is merely a torch in the hands of the Russian Communist Party to cause the economic ruin of free labor, to promote class hatred and the destruction of civil liberties and free institutions throughout the world.

There is, and there always will be, an irrepressible conflict between our republican form of government and communism. No loyal American citizen can serve the red flag and the American flag at the same time. The American Federation of Labor has never ceased to expose the autocracy and despotic tyranny of the Soviet Government. In their annual convention in 1927, the following declaration of policy was adopted: "We regard the Soviet régime in Russia as the most unscrupulous, most antisocial, most menacing institution in the world to-day. Between it and our form of political and social organization there can be no compromise of any kind. We repeat the call to American trade unionists to stand true to their faith, to be militant in their defense of the principles of freedom and justice for which our movement stands and upon which our democracy rests its foundation walls."

I will conclude my remarks with the pithy statement of former President Calvin Coolidge: "I do not propose to barter away for the privilege of trade any of the cherished rights of humanity; I do not propose to make merchandise of any American principles. These rights and principles must go wherever the sanctions of our Government go."

No competent person questions the stability of the Soviet dictatorship in Russia or that it is a de facto government, but the American people will never recognize the Soviet Government just as long as it encourages the Communist International to spread vicious revolutionary propaganda and conduct seditious activities to undermine and destroy free governments in noncommunist countries, including our own. We will never recognize a foreign nation that seeks to interfere with our domestic institutions. I have refrained from mentioning war debts, seizure of private property, and possible debt settlements, as they sink into insignificance compared to the all-important issue of amity, friendly relations, and fair dealing upon which diplomatic recognition must be based or be meaningless and of no value in international law or among civilized nations.

#### AMENDMENT OF FEDERAL FARM LOAN ACT

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes. Pending that motion I ask unani-

mous consent that general debate on this bill be limited to two hours, one-half to be controlled by myself and one-half to be controlled by the gentleman from Kansas [Mr. STRONG].

The SPEAKER. The gentleman from Alabama moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6172. Pending that motion he asks unanimous consent that general debate be limited to two hours, one-half to be controlled by himself and one-half by the gentleman from Kansas [Mr. STRONG]. Is there objection?

Mr. HARE. Mr. Speaker, reserving the right to object, I am wondering whether we could not have more than two hours' debate on this bill. I think it is a most important bill, and I am just wondering whether or not it would embarrass the House in any way to extend the time to more than one hour on a side.

Mr. STEAGALL. I hope the gentleman will not insist on that for this reason: In the first place, I do not think it is necessary, and there is not going to be any occasion for long debate on this bill. The bill is short, and there is only one proposition in the bill which I apprehend will provoke any sort of controversy. For that reason I hope we can finish the bill in a couple of hours after general debate, which will enable us to get through with the day's work. I hope the gentleman will agree to limit the debate to two hours.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LAGUARDIA. Of course, the bill is very short. It contains only three pages; it only appropriates \$100,000,000, and there are some rather drastic and fundamental changes with which some of us will be inclined to agree, but what I want to inquire about is whether when we come to the reading of the bill there will be sufficient latitude and time so that we may have an intelligent discussion of the matters before us.

Mr. STEAGALL. I will say to the gentleman that if it is within my power, he shall have that opportunity as well as all other Members.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6172, with Mr. RAYBURN in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Chairman and members of the committee, I should like to have had more time for debate and for consideration of this bill, but we are attempting to go rapidly in order to finish the legislation to-day. We want to give the country an idea of diligence on the part of the committees of the House and the membership of the House in undertaking to meet the serious problems that confront us.

I am not going to take the time at my disposal to review at length the serious situation that affects the agricultural interests of the United States. I am sure all Members of the House, certainly all Members who represent agricultural constituencies, are fully informed of these conditions.

The bill before us undertakes to relieve the difficulties in which the Federal land banks of the country find themselves in the effort to afford the farmers of the country the borrowing facilities intended to be furnished through the Federal farm loan act.

Let me say here that I was one of the members of the Committee on Banking and Currency that framed the orig-



inal Federal farm loan act. I have always thought, and other Members have always thought, and we see clearly now, that there were some mistakes made in the provisions of that law. The act undertook to set up a loan system that would work automatically. The Government subscribed the initial capital stock of the Federal land banks, each bank having issued to the Treasury \$750,000 of stock certificates covering the initial capital stock of these banks. This was automatically reimbursed to the Treasury Department, and I may say that substantially all of it has been reimbursed.

The capital stock owned by the Government, under the provisions of the Federal farm loan act, was absorbed by the borrowers, who, under the law, were required to take 5 per cent of loans in the form of capital stock. There was no provision for the immediate accumulation of reserves in the Federal land banks. Of course, every banking institution or corporation should have proper machinery for the accumulation of reserves. The failure to take care of this at the outset was a mistake and has resulted in embarrassment to the banks.

It was undertaken to put this system to working automatically, and we have found a mistake was made. The banks came upon a situation during the unusual conditions that have prevailed for some time, when they were unable to realize on their mortgages and found themselves without the proper reserves to protect their obligations. The banks can not serve the farmers unless they can obtain necessary funds, and to do that they must sell bonds.

The law requires that the banks maintain solvent mortgages to secure their bonds, because it is only through these bonds that they obtain funds from the investing public with which to supply loans to the farmers of the country, and to function beneficially they must command the confidence of the public who buy the bonds.

And this is the situation: When a mortgage falls due the law contemplates that the safeguards in the matter of security were sufficient that there would be no considerable defaults in the payment of the installments on mortgages, and so there was no machinery. So no adequate machinery was set up in the law by which the officials of the banks could deal with mortgages that had become delinquent in a way to utilize them in their operations. Unless the banks had sufficient reserves with which to supply a substitute form of security back of their bonds, embarrassment of credit was unavoidable; and the banks have not been able, out of their reserves, to afford the necessary security in the form of land bank bonds, Government bonds, or cash.

So to meet the situation they would have widespread mortgage foreclosures that have proved most unfortunate in the midst of the depression and stress through which we are passing. This has resulted in the sacrifice of farm lands throughout many sections of the country at prices that are absolutely destructive to agriculture and have had a most demoralizing effect not only upon land values but upon the entire business structure of the agricultural sections of the country and, in turn, an unfortunate effect, in my judgment, upon the entire economic machinery of the Nation.

During the last session of the Congress, in view of this situation, I introduced a bill providing for the advancement by the Treasury of the United States of the sum of \$60,000,000 to the 12 Federal land banks, and in that measure the purpose expressed was "to enable the banks to grant extensions to borrowers in cases where it was to the best interests of the banks and the borrowers to grant such extensions." The Committee on Banking and Currency held extended hearings on that bill during the last session of Congress. It was discussed at great length by Members of the House, by some Members who were not on the Committee on Banking and Currency, and by members of the Federal Farm Loan Board, who went over the whole field with respect to the declaration of policy embodied in the bill.

These hearings are now available for Members of the House. I will say to gentlemen who may be interested that they will find in these hearings the best review of the facts

in this matter that are to be obtained, and as good as could be obtained if we had before us the recent hearings that we held in the present week.

Let me say that it was the work done in the last Congress by our committee, in consideration of the bill I had the honor to introduce at that time, which blazed the way and did the preliminary work that made it possible for your committee to report so soon the measure now before you—if, I hope I may be pardoned for saying this, I think all will agree that we have done this work with unusual expedition—due to the fact that the bill before us is in substance and in purpose the same measure as the one introduced by me during the last session of Congress and on which the Banking and Currency Committee held hearings, as I have stated.

The bill before us provides for the advancement of \$100,000,000 by the Treasury Department, to constitute a revolving fund, which may be drawn upon by any Federal land bank upon application of the officials of the bank approved by the Federal Farm Loan Board.

Any advancement in that connection is to be covered by subscriptions to the capital stock of the Federal land banks obtaining the advancement, the subscriptions to be issued to the Treasury of the United States.

That capital stock is to be absorbed in part by the borrowers under the provisions of the farm loan act, which provides that 5 per cent of loans are correctly subscriptions to capital stock.

Provision is further made in the bill for repayment in cash of any of these sums to the Treasury in case any bank finds itself in position to repay the Treasury sooner than would be possible through the cancellation of its stock as the borrowers take it.

This advancement by the Treasury is to be without interest charges against the banks.

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. STEAGALL. I beg the gentleman's pardon, but if the gentleman will let me finish then I shall gladly yield to any gentleman for a question.

Sections 2 and 3 of the bill deal with the matter of accumulation of reserves by the banks. I take it for granted there will be no controversy over the provisions.

Section 2 requires each bank to set aside in reserve 50 per cent of net earnings before dividends are paid, until the reserves equal the amount of the capital stock. After that the bank is required to set aside 10 per cent semiannually.

There is a similar provision which deals with the accumulation of reserves by the farm loan associations. I will simply state in that connection that, so far as I am informed, nobody questions the wisdom of these two provisions which are intended to set up proper machinery by which the banks in their own right can under normal operations accumulate proper reserves. Now, I have outlined briefly what is in this bill, except one additional section. I refer to section 4.

I will say that this section has been discussed quite thoroughly in the committee, both at this session of Congress and in the former session of Congress, not only by Members of the House and members of the committee, but by members of the Farm Loan Board, the Secretary of the Treasury at one time, and others interested in the legislation.

During the last session of Congress we had a number of bills and resolutions before the Banking and Currency Committee touching the matter of the policy of the banks in handling of foreclosures of their mortgages. There were various and numerous suggestions and plans offered which were designed to effectuate a more lenient administration of the banks in connection with their foreclosures. The bill before us has a provision at that point which might be called the result of a working out of differences of opinion which, as it is presented to the House, embodies the combined judgment of the committee. It does not express my views, nor perhaps the individual judgment or preference of any single member of the committee. We thought best to take what we could get and be sure of the final passage and approval of the legislation—the main thing is the money—\$100,000,000. The officials of the Federal Farm Loan Board and the Secretary of the Treasury opposed all



this legislation during the last session of Congress upon the ground, first, as they insisted, that there was no need for legislation to afford financial aid to the banks, and they also opposed every plan that sought to liberalize the policy of the officials of the banks in the matter of the foreclosure of their mortgages. The bill before us has a provision on that question in section 4, in this language:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period.

The bill does not declare nor seek to declare in this provision a general moratorium as to installments upon mortgages. It confers upon the officials of the banks and the Federal Farm Loan Board the authority to deal with each particular case upon its merits and in a common-sense way and to attempt to administer the banks in connection with their foreclosures, I might say, just as all other banking institutions of which I have any knowledge have always done, which is the practice with all credit institutions.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. In a moment. Without this machinery when a mortgage becomes due, there is one of two courses left the officials of the bank. One is to foreclose and let the farmer start over and the bank take whatever loss may be incurred through the practice of that policy. The other plan, and the only other plan, that is open to the officials of the bank under the machinery of the Federal farm loan act as it now exists is to carry a delinquent mortgage in the suspense account, and that means that such a mortgage, however favorably regarded by the officials of the bank, no matter how valid the security, no matter how many payments have been made, can not be treated in the true sense of the word as an asset, nor carried as security for bonds issued, but must stand suspended in mid-air—unavailable to the bank in the practical conduct of its business. This situation might arise, for illustration:

A borrower might have met 15 installment payments on his mortgage. He might have been born on the farm in question; he might have reared his family there, with all that a home from childhood means to a citizen. There might be only five payments to be made; the bank officers might regard it as among their best mortgage securities, but under existing law there is no power to treat such a mortgage as valid security; they are required to sell that man's home and farm and turn him and his wife and children out, as has been unfortunately done in many instances, involving the losses to the citizen and to the bank with consequent injury and demoralization to the community. Either that, or they must put it in the suspense account, where it is of no value to the bank—and thereby leave the bonds unprotected to the extent of such a mortgage. The provisions of section 4 provide a common-sense way to deal with such a case by spreading the delinquent installments over a period of five years. This helps both the borrower and the bank.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes; I am glad to yield.

Mr. LANKFORD of Georgia. Did the gentleman or his committee secure any assurances from any of the officials of the Federal land bank that there would be fewer foreclosures after the passage of this act than heretofore?

Mr. STEAGALL. I have not been in accord with the policies of the Federal Farm Loan Board in so far as they have expressed themselves to our committee.

Mr. LANKFORD of Georgia. I have not either.

Mr. STEAGALL. But it is unquestionably true that under the provisions of this bill the board will have the necessary funds, unless we are mistaken as to the amount required, and if we are mistaken the Congress will have an opportunity to supply that deficiency and furnish the necessary funds, since Congress will be in session for several months;

and, if this provision of this bill, section 4, is enacted they will have the necessary machinery to enable them to administer the banks in a common sense way. I think it is fair to the board to say that they recognize that any advancement in the form of financial relief would necessarily be reflected in benefits to the farmers and members of the Farm Loan Board assured our committee this would be done. It would naturally follow that a more sympathetic administration of foreclosures would be had, and in addition to that we will help to revive the market for bonds issued by the banks. I did not go into the matter, but the banks have not been able in three years to float a long-time issue of bonds, such as was contemplated would be done, out of which to get necessary funds for the operation of the system. We are hopeful that the provisions of this bill, with the funds provided and the machinery set up, will bring about a more sympathetic administration of these banks in connection with their foreclosures.

Mr. LANKFORD of Georgia. Did any member of the Farm Loan Board come before the committee and give expression to what they intended to do in the future with respect to foreclosures?

Mr. STEAGALL. I think I have answered the gentleman; that the Federal Farm Loan Board expect this to bring about a more sympathetic administration of the banks in connection with their foreclosures. I know the gentleman's interest and I share it with him. However, I must hurry, that I may save time for other Members to express their views.

Mr. MORTON D. HULL. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. MORTON D. HULL. On the question of the interpretation of section 4, whether the directors have a right to grant an extension or not; but if they do grant an extension, that extension must be for five years, with the option on the part of the farmer or the borrower to pay in less than five years. Is that the way it is to be interpreted?

Mr. STEAGALL. No. That language is so plain that I think if the gentleman will give it a moment's thought he will agree with me that what we have done is to confer on the banks power to extend installments that become delinquent, and they may extend for five years or less time.

This is not a temporary, emergency measure. It puts the necessary machinery into the law permanently which has been embodied in the original farm loan act.

Mr. MORTON D. HULL. I am trying to be clear as to the meaning of section 4. "The directors have a right to extend, in whole or in part, any installment," but as I read it, that extension must be for five years.

Mr. STEAGALL. Or less. The language is "five years or less."

Mr. MORTON D. HULL. No. Now, that is just where I think we do not agree on the interpretation. But, the option is given to the borrower to pay in less than five years.

Mr. STEAGALL. I do not agree with the gentleman in that construction. I hardly think he will find many Members of the House who do. This provision merely sets up necessary machinery to give enlarged authority in handling these matters in a common-sense way.

Mr. STEVENSON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. STEVENSON. The intention of that language, as plainly covered by the language itself and as put in there, was that they could not extend it for more than five years; but, they can extend it for one year, they can extend it for two years, or three years, or four years, or five years; but the limitation is on the power of the board to extend it for more than five years.

Mr. STEAGALL. That is correct.

Now, I have gone over the bill hurriedly, but I think in a way that makes its meaning clear. The bill is not all I should like to see passed, but it is the best we can get. Above all, it furnishes \$100,000,000 for the relief of the banks, and that is the main thing desired. [Applause.]

Mr. LUCE. Mr. Chairman, I yield myself 15 minutes.



Mr. Chairman, it is by reason of the very grave importance of this matter that I have asked the attention of the House.

This is the first of a group of measures recommended to Congress at the opening of the session by the President for the purpose of relieving, as far as this Congress can so do, the distress now prevalent in our country. It will be speedily followed by the rest of the group, I am very sure, coming from the Committee on Banking and Currency, to which committee falls the chief burden of responsibility in this juncture.

I need not take time to repeat the reasons why the President in his annual message gave the foremost place to this group of measures, but simply once more impress upon the House, if I can, the extreme importance of the earliest treatment possible of these recommendations.

In this matter there is not a trace of partisanship. In the 12 years I have been a member of the Committee on Banking and Currency I can not recall ever hearing a word uttered or seeing a vote cast from any partisan motive, and I am sure that the committee this year will continue that record of unbiased, unprejudiced attempt to serve the country.

This particular bill is for the most part in the shape submitted by the administration through that part of it concerned with the farm-loan system. I have always been in the fullest sympathy with this system, because it embodies the cooperative idea, the idea to which I look for the greatest contribution that the coming generation will make to the welfare of this land. The farm-loan system has been the first great attempt in our country to help our citizens to help themselves. Because it is cooperative, I seek in every way possible within my own power to help its success, to advance its welfare, in order that this example may in due time be imitated in other lines of social activity and we may thereby make some headway in lessening the great waste now brought about through our distributive processes. To be sure, this particular field of activity concerns itself with production chiefly, but it may serve as an example that will aid other helps to our citizens in the way of cooperative action, the working together that has been the chief fruit of civilization.

This bill would restore to the farm-loan system the capital with which the country supplied it at the beginning. That capital had been repaid, practically all of it, in the ordinary development of the system, but with this unexpected, this unprecedented financial depression, the working capital of the system has been found insufficient, and therefore it is proposed to start the system afresh, with new capital, in larger quantity, to be sure, but evidently called for by the needs of the moment.

I need not go beyond that in the discussion of the bill as a whole, but rather would call to your attention the one point in which there were differences of opinion in the committee. It is found in section 4. This section was inspired by generous sympathy with the unfortunate farmers who can not pay their installments, a sympathy with which I am in complete accord. I admire it, and I would, if I could, approve its expression in this form; but, in my judgment, this form of extending aid to the farmers has an element of grave danger. Unless this language be modified in another branch, it may prove disastrous to the system. It may kill the goose that lays the golden egg, or, to change the metaphor, the farmer may jump out of the frying pan into the fire.

It must be remembered that in all transactions of this type there are two parties concerned, namely, the lender and the borrower. At this moment the lenders of the country are unwilling to furnish the funds necessary for the system to function. If you make it less attractive for the lenders to furnish funds, you may find the bonds of this system going still further down in market value. You may find the system itself ruined.

I call attention to this in order that before the measure becomes law it may in another branch have the adequate scrutiny that we have been unable to give it in our committee. It has been inadequate by reason of our desire to

tell the country at the earliest possible moment that we mean to do what the President has advised us to do, in order to melt the frozen credit of the land, which must be the first step toward the return of prosperity.

Mr. BANKHEAD. Will the gentleman yield?

Mr. LUCE. With pleasure.

Mr. BANKHEAD. The gentleman states that he sees some element of danger in section 4, in that it might ultimately jeopardize the security of the entire bond structure of the system.

I think the gentleman from Massachusetts will candidly admit that every power given inferentially in this new section is already vested in the Federal Farm Board—is not that true?

Mr. LUCE. Some power is already granted, but there is a difference of opinion as to whether every power is granted.

Mr. BANKHEAD. As I see it, the main value from the standpoint of the debtor to the system under this is that it may be in the nature of a mere congressional suggestion to the Farm Board that they exercise more liberality in the future in the extension of these installments than they have in the past.

Mr. LUCE. With the consent of the gentleman from Alabama, I will tell him that another member of the committee will dwell with greater particularity upon this one phase of the question, and I want to go on to another phase of the matter.

Mr. STEAGALL. If the gentleman will permit, my very able colleague is in error as to the provisions of this section. The section does set up additional machinery for dealing with foreclosures. It enables the officials of the banks to take delinquent payments and spread them over one year or five years in equal amounts instead of having to foreclose or transfer the mortgage to a suspense account where they can not count it among their assets.

Mr. RAMSEYER. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. RAMSEYER. The giving of \$100,000,000 to the 12 land banks as capital will furnish the basis of how much increased loaning capacity of the banks?

Mr. LUCE. I could not tell the gentleman offhand.

Mr. RAMSEYER. Has the committee any estimate of that at all?

Mr. LUCE. Possibly the gentleman from Alabama, when he has time again, may be able to answer that question.

Mr. RAMSEYER. What is the committee's opinion as to the effect this will have on the market price of the outstanding bonds?

Mr. LUCE. The committee differs in judgment on that particular.

Mr. RAMSEYER. Unless the market price of the bonds is brought up to near par, how are you going to float the bonds?

Mr. LUCE. Another member of the committee later on will doubtless convey to the committee the judgment of the Farm Board in that particular. I desire now to go to another phase of the question.

Mr. ADKINS. Will the gentleman yield?

Mr. LUCE. Yes.

Mr. ADKINS. I can understand that a man would prefer to take a 5 per cent bond, and then if he buys other bonds he can not turn those bonds in as payment on his mortgage. Why can he not turn those bonds back if he chooses to do so?

Mr. LUCE. That is a phase of the mechanics of the bill to which I would rather not give any time at the moment.

I want to take this opportunity to remind the committee that in every commercial transaction involving the transfer of money there is a lender as well as a borrower, and also to bring to the attention of the committee that when it fixes its eyes only on the wealthy lenders of this country it ignores the great mass of those whose welfare will suffer if we here enact legislation endangering the fruits of their labors.

To this end I would inform the committee that there are in this country 53,000,000 savings depositors. There are less than 30,000,000 families—about 25,000,000, I presume—so that, allowing for duplicate deposits to the utmost prob-



able degree, when you touch the savings of the country you are affecting the welfare of at least 9 out of 10 families. It happens that I am a director in one of the smaller life insurance companies. My only profit therefrom comes from the occasional fee I receive for attending a directors' meeting. We have something more than \$3,000,000 invested in securities scattered among 300 different activities. That \$3,000,000 is mainly the property of wage earners for whom we are the trustees, wage earners who are paying in 10, 15, and 25 cents a week in order that they may provide enough money to pay for burial or with which to pay doctors' bills after the last illness. When you endanger the bonds we hold for those people you are endangering the welfare of wage earners, those who make up the great masses of the people of the country. You are not throwing any effective club at the multimillionaire but a club that may come back like a boomerang to strike your neighbor or yourself. Do not allow yourselves to forget that a great part of the wealth of this country is owned by the masses of its inhabitants.

The CHAIRMAN. The gentleman from Massachusetts has used 15 minutes.

Mr. LUCE. Mr. Chairman, I yield myself three more minutes.

I am also a member of the corporation conducting a mutual savings bank in my town. As such I do not get even a fee for attendance. We hold ten or fifteen million dollars as trustees, mainly for the wage earners of my city, the wage earners for whose welfare I here plead your recognition.

Did you realize that there are more than \$28,000,000,000 in the savings accounts of the people of the land; more than \$28,000,000,000 invested by the banks, for the most part, for those in humble circumstances, those in the walks of life that are to-day in the most distress? You may pass some taxation measure that will deprive the wealthy of some degree of luxury, but they will still be able to live in comfort and ease. When, however, you pass a measure that threatens the savings of the people, then you are adding to the calamity through which we are now passing; you are increasing human misery. Therefore I trust that this measure, when it becomes a law, will be in such shape that it will not endanger the savings of the people. [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, my distinguished friend from Massachusetts [Mr. LUCE] made an appeal for the people who own the bonds of the farm loan system. I am not going into the general economics of the world but just what this bill concerns.

There are \$1,174,000,000 of farm-land bonds outstanding. To-day they are not sufficiently covered because there are many mortgages in default which are not eligible to be kept in their assets as security. You know when a paper is in default it becomes stale, and it has to be taken out of the registry of the bonds that are eligible to be put up as collateral for the bonds. They are \$48,000,000 short, so Mr. Bestor told the committee the other day, of enough security to cover the bonds that are outstanding, in so far as the farm bonds are concerned.

Now, what does this bill propose to do? It proposes to do two things: First, to make absolutely sure that every bond that is outstanding is an A No. 1 or gilt-edged security, and, second, to enable the Farm Loan Board, if it will, to extend a little measure of leniency to borrowers who are admittedly unable to pay their installments, although their security is good.

The statement was made before the committee by Mr. Bestor that the price of farm products was such that it was impossible in the cotton country, the wheat country, and the corn country for any considerable percentage of the farmers, who depend on the sale of their products to pay their installments, to pay them.

Now, what do we do for the bondholders? We put \$100,000,000 there and take it in stock, and that is an asset which goes right behind the bonds and, if next week the whole business was put into the hands of a receiver, the bond-

holders would be \$100,000,000 better off than they are now, although that is not the principal object of the bill.

Mr. PARSONS. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. PARSONS. Who are the bondholders?

Mr. STEVENSON. The bondholders are everybody who has investments, as the gentleman from Massachusetts said a while ago.

Mr. CHIPERFIELD. Will the gentleman yield for a brief question?

Mr. STEVENSON. Yes.

Mr. CHIPERFIELD. In many instances these bondholders have bought up the bonds at 40 or 50 or 60 cents on the dollar. Would they have the benefit of having the bonds which they have so bought brought up to par?

Mr. STEVENSON. I think the gentleman is in error about that.

Mr. CHIPERFIELD. I am very sure I am not in error about these bonds, in many instances, having been bought at much lower than par.

Mr. STEVENSON. I do not think the Federal land-bank bonds have ever gone that low.

Mr. STEAGALL. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. STEAGALL. The gentleman from Illinois [Mr. CHIPERFIELD], whose judgment I respect very much, is in error, unquestionably. The gentleman has confused bonds of the joint-stock land banks with Federal land-bank bonds.

Mr. STEVENSON. Yes.

Mr. STEAGALL. Federal land-bank bonds have never gone lower than 76 or 77 or something like that.

Mr. CHIPERFIELD. I think the gentleman is right.

Mr. STEAGALL. And I will say, in addition, that the Federal land-bank bonds have made a great record for standing up, when all the others in this country were going down.

Mr. CHIPERFIELD. The gentleman is correct about that and I was confusing the two issues of bonds; but even so, take the case of the man who bought the bonds at 76—

Mr. STEVENSON. I do not yield further.

Mr. HARE. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. HARE. I just want to ask the gentleman, who is a member of the committee, whether or not the committee contemplates further legislation whereby it will require the Federal land banks and the joint-stock land banks to accept their own bonds in lieu of amortization payments or in satisfaction of mortgages?

Mr. STEVENSON. There are measures pending before the committee looking to those two things, but I will call the gentleman's attention to the fact that it is not necessary in case of Federal land banks, because that provision is already in the law. Section 25 provides that when a mortgage is in default for 30 days the association through which it came can be called upon to pay the default, and it may do so either by payment of the amount due thereon in cash or by the substitution of an equal amount of Federal farm loan bonds with all unmatured coupons attached. So there is no legislation needed for that purpose in so far as the Federal land banks with which we are dealing now are concerned; but as to the joint-stock land banks, that is a crying need.

The second purpose of this measure is to relieve, as far as may be judicious, the condition of the landowner who has good security, who has a good farm, who is a good risk, and yet to-day, because of the distressful conditions growing out of the low price of farm products, can not pay his installments.

Now, what do we propose to do? We do not propose to say to the board that it shall do so-and-so. I am a conservative man. I think everybody in this House who knows me knows that. I would not undertake to say to the board that it must extend every man's debt because he can not pay, because that would mean that everybody would stop paying, or that many would stop paying. We have got to leave this to the discretion of the board, and therefore we



have put a provision in this bill which, in my judgment, is ample security for the board and preserves every right they have and yet will do two things. It is giving them the authority to renew paper which they have not got now, and giving them the intimation of the mind of Congress that where they have got a man worthy of credit and indulgence under distressing circumstances, to give him a reasonable extension not to exceed five years.

Mr. BURTNESS. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. BURTNESS. This is a very important provision and I want to ask the gentleman this question: Does this in any way contemplate that it is the only and exclusive remedy existing? What I am getting at is this: Assume that a loan has been cut down from \$10,000 to \$5,000 by payments; if the situation of the borrower is such that his interest would be preserved by renewing his loan and making a new loan, would this stop his doing it?

Mr. STEVENSON. No. This does not take any right away that the board has now. It does not subtract a thing from the right of the board, but gives the board additional right; and instead of its letting the paper become stale and ineligible as paper to secure bonds it gives the bank authority to renew and amortize it from one to five years.

It gives the board authority to protect the paper, to get the man out of his trouble that he is in, without his fault in many instances. It keeps the paper alive, instead of filling the banks with dead paper—dead mortgages that they can not use as collateral.

Mr. DIES. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. DIES. Is there any method of bringing about the distribution of this money?

Mr. STEVENSON. We can not control the discretion of the Federal Farm Board.

Mr. TUCKER. Will the gentleman yield?

Mr. STEVENSON. I yield to the gentleman from Virginia.

Mr. TUCKER. What legal connection has the Federal Farm Board with the land banks?

Mr. STEVENSON. The Federal Farm Loan Board controls the directors of the land banks. Their rules and regulations have to be carried out by the land banks. They govern the land banks much as the Federal Reserve Board governs the Federal reserve banks.

Mr. TUCKER. Then the land banks are in mighty bad company.

Mr. STEVENSON. The gentleman refers to the Federal Farm Board, which has absolutely no connection with the Federal land banks.

Mr. DIES. What assurance have we that this money will be loaned to the farmers?

Mr. STEVENSON. We have no assurance, except that that is the only thing that they can do with it. They are not authorized to do anything else. We must certainly assume that the Farm Loan Board will favor the farm interests in this country. They are not going to take the \$100,000,000 and walk off with it and put it into Wall Street. [Laughter].

Now, this amendment was unanimously adopted by the committee. It reads as follows:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period.

They can allow him a period of 5 years in which to pay, or they can make it 1 year, but they can not make it more than 5 years. For instance, the first proposition in the committee was to make it 10 years or more. We cut it down to 5, which shows the intention of the committee, and the intention of the language, that 5 years is the limit put on the board, and that is the only discretion interfered with in this whole proposition. When that is done the paper is current, it is eligible to go up for bonds, and it is

paper that will be regarded as current paper in the world of commerce.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. LUCE. Mr. Chairman, I yield three minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON of New Jersey. Mr. Chairman and members of the committee, I rise simply to obtain information from the leaders in this great committee upon two or three vital points. First, is it proposed to bring here any legislation devised to restore value to and stabilize the bonds of the joint-stock banks that are now helping to impair the capital of banks and insurance companies throughout this eastern country? Second, are you going to bring here any proposal to merge these various instrumentalities for putting the farmers into debt into one great efficient and economically sound institution that will help avert the most dangerous and difficult problem we have to-day, namely, the foreclosure of mortgages on homes. I am not especially interested in the mechanics of society. I believe that our institutions, financial and political, exist for the making of men, and I have been afraid that these organizations that we have created here from time to time have not succeeded very well in safeguarding the greatest man-making institution in the world—the farm—where a good many of us were born and brought up and learned to work, which latter is not done much nowadays. I hope my desire for information will be satisfied by the gentlemen in charge of this bill.

Mr. LUCE. Mr. Chairman, I yield five minutes to the gentleman from Iowa [Mr. RAMSEYER].

Mr. RAMSEYER. Mr. Chairman, ladies and gentlemen of the committee, I am deeply interested in this bill now pending before us to provide an additional \$100,000,000 for the Federal land banks of the United States. This is one step in the President's 12-point recovery program. Yesterday the leaders of both parties of this House were called to the White House to discuss with the President needed legislation. The President, according to press reports, urged getting three bills through Congress at the earliest possible date. The first bill mentioned was the one that passed the House yesterday; the second bill is the one that is now before the House and which, it is hoped, will be passed before we adjourn to-day; the other bill is the one for the establishment of the Reconstruction Finance Corporation, on which the Committee on Banking and Currency is now holding hearings. This proposal is patterned after the War Finance Corporation which was established during the war and revived to aid in the emergency of 1921-22.

These bills, enacted into law, will tend to liquidate frozen assets and turn the tide of deflation. There is no question but that the outstanding cause of our present economic difficulties is the fall in commodity prices. Unless we find a way to elevate the commodity price level we are in for a long period of hard times and possibly great social changes.

The situation that confronts the country and the world is such that we should forget politics and get down to a non-partisan consideration of the problems that confront us. The country expects us to do that and I believe the Members of this House are getting more and more in the mood to consider legislation from a nonpartisan standpoint. Some of the most important relief measures will have to be considered by the Committee on Banking and Currency. The bill (H. R. 5060) for the establishment of the Reconstruction Finance Corporation with a capital stock of \$500,000,000 should receive prompt consideration by Congress. The proponents of the bill express great confidence that if that corporation is established it will have much to do in turning the "tide of deflation and starting the country upon the road to recovery." Eugene Meyer, the governor of the Federal Reserve Board, was before the House Banking Committee yesterday and, testifying for the establishment of this corporation, stated "that the very knowledge of its existence would do more to reassure people in fear than any one other thing." Mr. Meyer, without wishing to make any prediction, did express the hope that the passage of this



piece of legislation would result in a higher price level for commodities. Further, a newspaper giving an account of his testimony stated, "He referred to the fact that there was a rise in price level during the period of activity of the War Finance Corporation, after which the present corporation is modeled."

The three great farm organizations, the Grange, the Farmers' Union, and the Farm Bureau, are more united this year on a program of relief for agriculture than they have ever been before in the history of the country. One thing they are all agreed on is that a way must be found to restore the commodity price level to the predepression basis.

There are before the Committee on Banking and Currency four money bills to restore and stabilize the commodity price level, introduced by the following Members of the House, to wit: Mr. GOLDSBOROUGH, of Maryland; Mr. BURTNESS, of North Dakota; Mr. STRONG, of Kansas, and myself [Mr. RAMSEYER, of Iowa]. I am reliably informed that immediately following the holiday recess representatives of these three national farm organizations are going to be in Washington and will appear before the Banking Committee of the House to urge prompt congressional action to restore and stabilize the commodity price level.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. STEVENSON. There is also a bill by the gentleman from Illinois, Mr. SABATH, very much on the same line.

Mr. RAMSEYER. I am glad the gentleman has called my attention to that. I did not know that Mr. SABATH had introduced a bill on this subject. These bills point the way to raise the level of commodity prices and then to stabilize such prices so as to restore debt-paying and purchasing power to the farmers and other producers. That is the fundamental economic problem before the country to-day. Unless commodity prices are restored and stabilized on a higher price level, other remedies will afford at best but temporary and partial relief.

Most of the debts, taxes, and other fixed charges now burdening farmers and other producers were assumed on the commodity price level of several years ago. On the present low commodity price level payments of these obligations simply can not be met. Banks which have extended credit to farmers and other producers can not collect, and that is the cause for a large number of the bank failures. During the last year and one-half I have devoted much of my time to this problem of restoring and stabilizing the commodity price level. I have served on two committees, each of which has made reports. On this subject I have delivered a number of addresses before farm and other organizations, and I have received letters from all parts of the country urging immediate action. This morning I received two letters from my district which are typical—one, from a farmer, says:

Hope you will be successful in stabilizing the dollar.

The other one, from a business man, reads:

I am convinced that there should be some change in our currency system such as you have advocated. I can see no real reason for this depressive depression except the high-priced dollar.

[Here the gavel fell.]

Mr. LUCE. I yield to the gentleman from Iowa two additional minutes.

Mr. RAMSEYER. If the commodity price level of the last two years had been where it was in 1926 or the average for the years 1922 to 1928, we would have had very few bank failures during the last year. I now earnestly urge every member of the Committee on Banking and Currency and every Member of the House to study the problem of restoring and stabilizing the price level. As I have stated before, the three great national farm organizations will be here as soon as Congress reconvenes the first of the year, and I believe they will present a united front before the Banking Committee on this fundamental problem.

Mr. EATON of New Jersey. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. EATON of New Jersey. Does the gentleman believe that we can elevate the commodity price level by legislation?

Mr. RAMSEYER. Congress has the power to coin money, and to regulate the value thereof. According to my views, and the views of many others, including leading economists and well-known financiers, the Federal reserve system has the power to restore and stabilize the commodity price level. My bill directs the Federal Reserve Board and the Federal reserve banks to use all their powers to restore the level of commodity prices to that for the calendar year 1926, and thereafter to use all their powers to maintain such level.

Mr. O'CONNOR. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. O'CONNOR. Is the gentleman also aware—I am sure that he is—that the level of the purchasing power of the consumer has also been lowered? What is the gentleman going to do about that?

Mr. RAMSEYER. The first step we must take to turn the tide of deflation is to restore the purchasing power of the farmers and other producers. If the purchasing power of the farmers is restored, they will begin to buy commodities that will be produced in factories that are now idle; that will employ labor now unemployed. Agriculture is the basic industry. To restore the commodity price level for agriculture is fundamental. Without the restoration of the commodity price level so as to give farmers debt-paying and purchasing power, unemployment will continue and recovery will be delayed.

Mr. Chairman, with leave to extend my remarks I submit for printing in the RECORD my bill (H. R. 128) to restore and maintain the level of wholesale commodity prices, which reads as follows:

*Be it enacted, etc., That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:*

"Sec. 21. The Federal Reserve Board and the Federal reserve banks are hereby directed to use all their powers to restore the level of wholesale commodity prices to that for the calendar year 1926 and thereafter to use all their powers to maintain such level. In the exercise of such powers the Federal Reserve Board and Federal reserve banks shall, so far as possible, use as a basis for their computations the same statistics and data utilized by the Bureau of Labor Statistics of the Department of Labor in the computation of its index number of wholesale all-commodity prices."

Mr. LUCE. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. STRONG].

Mr. STRONG of Kansas. Mr. Chairman, ladies and gentlemen of the committee, I am very glad that my friend [Mr. RAMSEYER] spoke on this proposition of stabilization of the purchasing power of money. Everything he says is absolutely true. For six years I have been trying to urge upon the country, and upon Congress, that when a government creates a monetary system it ought to stabilize the purchasing power of the unit of value, and not let the dollar that you borrow, lend, work for, or spend have a purchasing power of 50 cents in one decade and 100 or 75 cents in the next decade. It is unfair to everybody but the speculator.

I have been proposing to correct that situation, and Mr. RAMSEYER and others are now coming in to help. Our plan being to regulate the supply and demand of money through the Federal reserve system, which they have the power to do.

I am glad that the American Farm Bureau Federation, and the other farm organizations, have taken up this proposition. The American Federation of Labor has already endorsed it before our Committee on Banking and Currency. We had long hearings upon this proposition. We had the best economists in this country and in Europe appear before the committee, and I think without exception all the economists who were not in the employ of some great financial institution or some Government agency favored the proposition. Therefore, I want you ladies and gentlemen to think about and study this proposition, and see whether or not it is not time for the American Congress to use the instrumentality which it has, the Federal reserve system,



by directing it to use the powers which it now has to stabilize the purchasing power of the dollar.

Now, I want to speak about the bill (H. R. 6172), which is now before the committee. It is part of the national program to build a financial defense against disaster. That is what we are doing. We all know that all summer and fall it was feared there would be a crash in Europe that would affect our institutions, or a greater crash here, so we are offering constructive defenses all along the line. This is to strengthen the Federal land banks. They are perfectly sound. There is no question of their soundness.

Mortgages upon the best farm lands in this Nation are behind every bond issued. They are as good as gold, but in the present situation, with everybody afraid to invest, with all kinds of bonds sinking in their market value, the bonds of the farm-land banks have been affected, and when the bonds of the farm-land banks are below par it is hard to sell new issues. When the Federal land banks can not sell their bonds they have no money to loan to the farmers.

The purpose of this bill is to have the Government, if the directors of the several banks desire, buy any part of \$100,000,000 of stock to strengthen the banks, to give them money that the bondholders may know that those banks are sound and good and that they need not have any fear of them. They have been about the best bonds on the market up to this time, and we want to keep them that way. The Government has owned stock in these banks before, and the farmers themselves under the system have paid back every dollar of over \$200,000,000 but about \$200,000. Now, we propose in this time of stress to put \$100,000,000 back into those banks.

Remember that this is not intended to be in any sense a moratorium to the farmers who have borrowed from the farm-land banks, for unless they pay their interest to the banks the banks in turn can not pay the interest they owe on their bonds, and the whole farm-land bank system will fail. This bill is intended to provide needed capital for the banks through having the Government invest \$100,000,000 if necessary in the capital stock of the 12 Federal land banks.

Because of the present depression the outstanding bonds of these banks are listed on the market at 73, which though higher than most other bonds does not permit the sale of more bonds to get money to loan to farmers, so the Government under this bill will furnish if necessary \$100,000,000 new capital and take stock until the banks can retire the same.

This is one of the propositions submitted by the administration, indorsed by the Farm Loan Board, and introduced by Mr. STEAGALL as a part of the administration's financial program, but there is one exception. Section 4 was not in the bill when presented to Mr. STEAGALL. It is a proposition proposed by him and indorsed by a majority of the committee. The Farm Loan Board has some doubts about it. However, after considerable discussion and thought the committee agreed to it. Let me read it to you.

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period.

Now, what does that mean? It simply means that if a farmer who has been making his payments regularly—a good farmer, a man who takes care of his farm and knows how to manage it—finds himself in difficulty because of some condition that has arisen, such as hail, grasshoppers, or drought, and he can not meet his payment due on his mortgage to the land bank, he can go to the directors of the bank and say, "Here is my situation. I ask you to give me deferment for this year's payment and let me meet it in five divided annual payments."

Mr. LEAVITT. Beginning when?

Mr. STRONG of Kansas. Beginning from that year.

Mr. LANKFORD of Georgia. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. LANKFORD of Georgia. Did any of the officials of the Federal land banks ask for section 4 to go in the bill?

Mr. STRONG of Kansas. They did not.

Mr. LANKFORD of Georgia. If they are not sympathetic with section 4 and do not want it in the bill, does the gentleman think they will give it sympathetic administration so as to prevent the present orgy of foreclosures going forward?

Mr. STRONG of Kansas. This will be left to the directors of each of the 12 farm-loan banks, and I have confidence that they will carry out the purpose of the legislation.

Mr. LANKFORD of Georgia. But those directors have not asked that it go in.

Mr. STRONG of Kansas. No; they have not asked that it go in. They have not been consulted.

My friends, there has been presented to the Committee on Banking and Currency, by some of the Members who will probably address you, conditions in their districts which show a need for deferred payments. Now, we can not pass a moratorium on this proposition, which will extend the payments due the banks. If we did, it would ruin the farm-loan system, because perhaps a majority would ask not to pay their interest; and, if they did, the farm-loan banks could not pay the interest on their bonds and the system would fail. This does not grant a moratorium or defer payments to all the farmers who have given mortgages on their farms. This is solely for the purpose of making it possible to take care of farmers who can not pay their annual installments in an emergency and, in the judgment of the directors of the land banks, are nevertheless good security for their loans.

Mr. McKEOWN. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. McKEOWN. Why did you not provide for a moratorium?

Mr. STRONG of Kansas. Because, as I just explained, it would destroy the system. If there is an emergency, and if there should come a time when some farmer or a dozen farmers or a hundred or more farmers can not meet their payments, why should the farm-loan bank officials foreclose the mortgages, take the men off the farms, and sell them to some other farmers who may not do as well?

So this provision was written into the bill by the committee, and it simply gives the directors of the bank the right, if they think conditions justify, to extend the amount due on the loan for one year and spread it over the next five years; and I can not see how it will hurt any of the banks, bondholders, or anybody else.

Mr. PURNELL. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. PURNELL. What is the practice under present conditions in the event of a default in payments?

Mr. STRONG of Kansas. Well, various Congressmen report various results in their districts. I have had very little complaint in my district, but I have had a few cases in which I think the president of the bank was rather hard-boiled.

Mr. PURNELL. The statement has been made in the cloakroom, if not on the floor, that the directors already have the authority granted by section 4, and I merely want the gentleman's interpretation of it.

Mr. STRONG of Kansas. Well, they do have the authority, but the trouble is that if they suspend payments, the mortgage goes into a file where it is in suspense and can no longer be held as security for the bank's outstanding bonds, although the security behind the mortgage may be good.

By the method provided by section 4—if in the judgment of the directors of the bank conditions justify it—the amount due in whole or in part by any borrower for any one year may be extended over the next five years. The bank is protected by the judgment of its board of directors as in all affairs of the bank. This section may make them some additional work but does not impair the stability of the bank if the directors look properly to the value of the security of the loans as I believe they will and should do.

[Here the gavel fell.]



Mr. LUCE. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Chairman and gentlemen of the committee, I have no intention of making a speech upon this question this afternoon but merely wish to express my hope that this bill will pass. The Banking and Currency Committee has examined this bill, as it does all bills, in a perfectly nonpartisan manner.

I am not optimistic enough to believe that the bill which is before us here will bring about farm relief or that it will greatly change conditions in the country; but it may be, possibly will be, one of those contributing factors which will help to restore confidence throughout the country. There are so many things which contribute to the condition in which we find ourselves to-day that whatever may reasonably promise relief is desirable, at least as an experiment, and I am one of those who believe that the bill we are about to pass, or which I hope we are about to pass, is an experiment and an experiment in the right direction.

However much confidence the people of the country may have lost in private institutions they still have thorough confidence, I believe, in the Government of the United States; and with the Government of the United States in this manner making it more possible for farmers to retain their farms, foreclosures, generally speaking, will be less likely.

I have strong hope that this bill will meet the purposes for which it was designed. Therefore I intend to vote for it, with the idea that it will, in a measure at least, give relief to agriculture in this country. So I hope the membership of this House will see that this bill goes to speedy passage.

Mr. CABLE. Will the gentleman yield?

Mr. HOOPER. Yes.

Mr. CABLE. Can the gentleman tell us how many foreclosures there have been under all the banks?

Mr. HOOPER. No; I am unable to state that to the gentleman from Ohio at this time.

Mr. STEAGALL. I yield five minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Chairman and gentlemen of the committee, the purpose of this measure is to give the Federal land banks the power to do what any practical business man or banker would do under like circumstances. In this unusual period through which we are passing, the Federal land bank finds a number of its borrowers, with splendid farms, with security which in normal times would be entirely sufficient to cover the loans they have obtained—but the unusual times which are upon us makes it impossible for such farmer to carry on and meet his taxes and meet his expenses, as he has to meet them. In many instances his entire farm products and all of the resources he controls will not meet the annual payment that he must raise or else become delinquent. If he is to be sold out at any time, he becomes delinquent and the land banks have no money with which to take care of the bond obligations and the interest on the obligations; this creates a very bad situation.

I take it there is no more fundamental, basic occupation in this country than that of farming, and that the farm must be preserved at all hazards if the Nation is to stand. If we destroy the farm, we destroy the source from which we obtain our food and our clothing. If we drive the farmer out of his home and take over these farms through an organization like the Federal farm land bank, it can not handle them as well as the man who has his home on the farm and has his heart set on making it go, if it can possibly be done.

Mr. CABLE. Will the gentleman yield?

Mr. BUSBY. I beg the gentleman's pardon, but I can not yield. I want to proceed in an orderly way to give the House my views pertinent to this legislation and related questions.

The President has called our attention to the necessary program, as he views it, to finance and encourage home building in the cities. Unless we do something to keep

the homes of the people on the farms and to help them maintain their homes on the farms, we are going to drive great numbers out and make many homeless people where now they are well situated and well settled.

It is true that the depression in which we are now engulfed is the cause of the shrinkage of the assets of the farmer and the cause of the failure of banks in the rural sections of the country. No bank ever fails until the community around it fails, because as long as the community stands up the assets are good and the bank is solvent.

The shrinkage of assets in this country has been tremendous. Mr. Parker Willis suggested that our national wealth was \$400,000,000,000 two years ago. To-day its market value is not more than \$200,000,000,000. The securities listed on the New York Stock Exchange have shrunk from \$136,000,000,000 on September 1, 1929, to \$46,000,000,000 to-day, a shrinkage of \$90,000,000,000, which is one and one-half times the amount of all the assets in all the banks of the United States. This is the extent to which the people's purchasing power has gone down, and the only thing that will ever help us meet our obligations is to inflate commodity values and purchasing power back to a point where it has some reasonable comparison with the obligations we made when we contracted to pay bonds and to meet notes and other fixed obligations two or three years ago. But I will discuss these questions more at length shortly. We are providing in this bill \$100,000,000 to be used by the Federal Land Bank so they can meet their bond and interest obligations without having to sell the homes of our farmers who can not possibly pay their loan installments. We must save the farms in the crisis through which we are passing.

Regardless of what issues may be proposed for the consideration of this Congress, nothing can divert its attention from a program of legislation looking forward for some degree of financial relief from distressing conditions that have affected every person and every business. During the past two years the entire world has suffered from the greatest collapse in values which it has known since the Napoleonic wars. When we shall have passed through this awful depression and have reached better times, we shall describe this period as having been the most dismal in the mercantile, investment, and financial history ever known. We will look back and recount how trade and industry were stricken and prostrated as never before; how business activities in every land dwindled almost to the point of absolute stoppage; how the security markets reached a condition of true collapse; and how the farmer passed through a period of extreme distress because of the shrinkage in the market values of his products. We will recount how the largest and wealthiest business institutions in normal times, such as the great steel and copper industries, the great telegraph and carrier systems, as well as the others, reached the point where their very solvency was threatened; how failures of banks, large and small, were spread throughout the country, so numerous as to become appalling; and how every type and character of business were so affected that they were discontinued and millions of workers were turned out of employment to walk the streets, beg for work which could not be found, and how their families, in destitution, hungry, and suffering, were cared for by public charity. Indeed, we will look back on this day and time as one filled with horror.

This condition has been brought about, undoubtedly, by many causes working together, no one of which would have been sufficient, taken by itself, to account for so severe a depression.

In order to understand something of the time in which we find ourselves and the causes and conditions that have worked together to bring about the unusual situation, it is necessary for us to take a survey, to some degree, of the field and the causes responsible. A satisfactory explanation can not be offered until we have examined the causes. In the early part of 1929, apparent prosperity was in evidence on every hand. All property was advancing in value. Stocks, bonds, and securities were selling at fabulous prices. We were told that the sunshine of prosperity was about us, and that was the condition of the business mind everywhere.



Wealth is a somewhat varying term. It must be considered in relation to physical properties and the general desire by those who have the means to own and possess them. The peak of wealth in the United States was reached in 1920, when it was placed at \$494,000,000,000. By 1929 this wealth had dropped to \$373,000,000,000, and to \$340,000,000,000 in 1930. Mr. H. Parker Willis in his recent book estimated that the wealth of the Nation was \$410,000,000,000 and that about 37 per cent, or \$150,000,000,000, of the national wealth of the United States is represented by securities. The New York Stock Exchange reports that on September 1, 1929, the total market value of all stocks and bonds listed on that exchange reached the amazing figure of \$136,409,000,000. A large portion of these were of foreign origin. In 1920 the value of farm properties was placed at \$78,000,000. I might recount every type and kind of property for the purpose of showing a comparison between its value then and now, and a similar result would be obtained. There is no way of telling the market value of the national wealth of to-day. Some have estimated that it is as low as 40 per cent of what it was in 1929. But we can very definitely determine the market value of the securities listed on the New York Stock Exchange. From \$136,000,000,000 in 1929 they have dropped to not more than \$46,000,000,000 to-day, a clear loss in market value of \$90,000,000,000.

After the deflation and depression period of 1921 had subsided, this country was launched into a period of commercial inflation such as had never been known before. The method of salesmanship practiced by the Federal Government in placing the Liberty loan bonds and other Government securities in the hands of people were adopted by the larger commercial organizations and banking institutions as a security-selling plan. These methods were applied in whole or in part from the largest automobile manufacturers down to the smallest type of business institution. Partial-payment plans were devised to suit every commodity and every class of trade. We were taught that nothing need be paid for in full; that we should buy by making partial payments on our purchases from the most trivial commodity to the most expensive investment. This was a new scheme whereby the purchaser could make his funds extend further and gather unto himself a greater number of the things desired without the necessity for immediate concern about the full payment of the purchase price.

#### INDUSTRIAL INFLATION

This also became the age of overindustrial extension; businesses were established, factories built, enterprises launched by crafty and designing persons who were interested only in the development of the project, the flotation of its bonds and securities, and the sale of them through some underwriting syndicate or security affiliate to the public. Many of these industrial projects never had the slightest possibility of being able to earn dividends on the investment. Their securities and "promises to pay" had been issued and sold by the millions through high-powered underwriting syndicates to the public.

Expensive building projects were constructed in every large city and on these were placed first, second, and third mortgages, securing "gold bonds," which bonds were sold to the public in exchange for life-savings. The public, in turn, saw those savings wiped out by a foreclosure of a trust deed on a first mortgage, and often the first-mortgage holders found the forced-sale price was not sufficient to repay even the notes they held. It is interesting to turn to more authentic sources for information regarding the rapidity of the development of listable securities covering a portion of the recent industrial inflation.

On January 1, 1926, there was listed on the New York Stock Exchange "listable shares" to the number of 491,615,337, of a total value of \$27,072,000,000. When the stock-market crash came in September, 1929, shares listed on the New York Stock Exchange amounted to 1,127,682,468, an increase in three and a half years of 636,000,000 shares, or more than 115 per cent.

#### MARKET VALUE OF SECURITIES

On January 1, 1925, the total market value of all stocks and bonds listed on the New York Stock Exchange was \$60,684,000,000. With industrial inflation a rapid increase of these listings began about that time. In 1926 their market value was \$70,000,000,000; in 1927, \$75,500,000,000; in 1928, \$86,500,000,000. January 1, 1929, they were \$115,000,000,000, and nine months later, September 1, 1929, when the market price reached its peak, they were \$136,409,000,000, an increase within four and two-thirds years from \$60,884,000,000 to \$136,409,000,000, a clear increase of \$75,525,000,000, or 125 per cent for the original shares and bonds and those that had been added to the listings during that time.

#### SECURITIES AGENTS

This is the measure of the amount of savings, investments, property, and obligations that had been paid or assumed by the purchasers of securities. So well had the field of investment been worked that every nook and corner of the country had become interested in stocks, bonds, and investments. In every one of the 25,000 banks in the United States was to be found lists of stocks and bonds recommended by the metropolitan banks as splendid investment securities. Small banks were urged to sell stocks and bonds to customers who might have money on deposit. Thousands of agents selling stocks and bonds daily plied their trade on streets, or from door to door and from office to office, soliciting purchases and urging people to part with their savings for what was described as gilt-edge, high-interest-bearing securities. The security vendor was in evidence everywhere. It is believed that at the time the stock-market crash came in 1929 that as many as 20,000,000 people, or one out of every five in the United States, had become a buyer and seller of securities. Almost in every instance securities were traded in on margin, or, if bought outright, were placed with banks as security for loans with which to meet the purchase price. The entire country had assumed tremendous obligations, scarcely any property was clear of some mortgage, partial-payment balance, or marginal obligation, the holder of title having only a claim to whatever equity there might be above the indebtedness. It may be noted that a portion of the \$136,000,000,000 at which securities were selling on the New York Stock Exchange when the stock-market crash came was paper profits, or appreciation in the hands of the original holders. That was no doubt true in some instances, but for the most part people who had accumulated some wealth or had savings accounts at low rates of interest converted these into stocks and bonds at the high prices prevailing during the spring and summer of 1929. To-day all the stocks and bonds listed on the New York Stock Exchange do not have a market value of more than \$46,000,000,000. If the market continues to decline, it will soon be much less. This is a loss of \$90,000,000,000 from the peak of prices, an average amount equal to \$750 for each man, woman, and child in the United States.

This amount is equal to five times our national debt, seven times the bonded war debt due our country, almost four times as much as the amount of the war debt and the loans made by our private bankers to foreign countries; eight times the value of all the gold in the world; two-thirds the ad valorem assessment of all the property in the United States, and an amount equal to two years' national income. And this is the basic cause of the financial depression in which we now find ourselves engulfed.

#### THE NATIONAL ANNUAL INCOME

The annual national income of the United States for 1928 and 1929, that is, the amount of income earned in each of those years by all the people, amounted to about \$90,000,000,000. The national income for 1931 undoubtedly will be less than \$50,000,000,000, a reduction in round figures of \$40,000,000,000, equal to an average amount of \$400 for every man, woman, and child. This loss of annual income has fallen principally on those who labor for their daily bread and who were dependent on their employment for funds to feed and clothe their families. The calamity has



been so great that if everyone of the 25,000 banking institutions in this country, with their \$60,000,000,000 resources, had closed their doors, and if every dollar of those resources had been destroyed in toto, the loss would still be \$30,000,000,000 less than the depreciation in the market value in stocks and bonds borne by the people during the last two years. Of course, the difference in destroying market value of listed shares and securities and in destroying all the banks and their assets would be that with the bank assets would go the credit machinery of the country, while the destruction of security values would carry with it no such consequence to the credit machinery, but the loss is visited upon individuals from the smallest to the greatest.

#### BANKING

Banking in former times was an entirely different business from what it is now and was conducted by entirely different rules. It involved no such wild-eyed schemes of get-rich-quick organizations as we find attached to every big banking institution to-day. One of the principal arguments urged by the big banking fraternity by its members who appeared before the House Committee on Banking and Currency last year against the smaller banks—and any bank with less than a capital of \$250,000 was classed by them as a small bank—was that the small bank could not have the advantage of operating its security affiliate, its stock-trading department, and of employing its expert adviser on investments.

#### INFLATION BEGINS

Beginning about 1925 the biggest banks of the country combined with other banks to make still more monstrous banking institutions. Of the \$60,000,000,000 assets of the 25,000 banks in this country, it was announced in May, 1930, that 12 banks owned \$20,000,000,000 of those bank assets and credits. About the same time it was also stated by Mr. James W. Gerard, former United States ambassador to Germany, that 59 financial lords "ruled the United States." Mr. Gerard was close to Wall Street and was able to pick men who really ran the financial, industrial, and political shows of this country. He first gives a list of 15 men whom he classes as being outstanding figures in finance, the real kings among them all, and while he places John D. Rockefeller, jr., as No. 1, strange to say No. 2 is that great commoner and lover of the common people, Andrew W. Mellon, Secretary of the Treasury of the United States. Then come "steel barons," "railroad magnates," "bosses of the wires," and "moguls of the newspaper world."

#### INFLATION METHODS

I want to be more specific regarding the methods used by the gigantic banking houses to reach the resources of the country and siphon out the savings out of every city, town, and hamlet in the land.

All down through the ages, until recent years, mankind was able to make a saving of its surplus capital only in the form of concrete tangibles, such as lands, houses, food, cattle, jewels, and gold and silver. All such forms of savings are now represented by stocks, bonds, life insurance, bank accounts, and so forth, which are a development of modern times. In the United States and other nations with modern financial set-ups a large part of the people use banks and no longer continue their habit of hoarding property and hard money, as in other times. We have, by legislation, enacted so many schemes for supplying credit that it makes it easy, I might say, inviting, for mortgages and other currency-raising instruments to be fastened upon our tangible property, so that there is practically nothing owned or desired by man but what can be readily converted into liquid assets. Perhaps this is an evil in our system. This is the general condition of property to-day, and this makes it all the more easy for the dealer in stocks and securities to reach the savings of the masses.

#### WATERED STOCKS

Watered stocks have played no little part in despoiling values in the past. When the elder Morgan put together an array of corporations to form the United States Steel Corporation, he headed a syndicate which underwrote the new securities sold by it to the public. For this service the syn-

dicate received the sum of \$62,500,000 in cash. Mr. Morgan's firm alone received \$12,500,000 of this. Mr. Brandeis, now Supreme Court justice, quoted Herbert Knox Smith, commissioner of corporations, who said:

More than \$150,000,000 of the stock of the United States Steel Corporation was issued directly or indirectly for mere promotion or underwriting services.

The Pujo committee investigation of the House of Representatives disclosed the fact that through very small investments in common stocks the Morgan firm had gotten control of the funds of three large insurance companies and 38 banks and trust companies, with total resources of \$3,000,000,000. Dillon, Read & Co. received a fee of \$15,000,000 for reorganizing Dodge Bros. a few years ago. Hundreds of other like instances could be pointed out, calling attention to stock-watering operations practiced by promoting and investment banking concerns. On April 15, 1930, during the hearings had by the House Committee on Banking and Currency, Mr. E. W. Decker, president of the Norwest Bancorporation, Minneapolis, Minn., described one of the stock-issuing performances of his corporation. He told us how the Bancorporation had been authorized to issue \$300,000,000 of its stocks, how only \$80,000,000 had been subscribed for and issued, leaving an authority to issue \$220,000,000 additional stocks whenever the directors of this bank holding company deemed it advisable. He told us how 144,000 shares of its stock, then selling at 85 on the market, were offered to the shareholders at \$72.50 per share. He said:

However, before that stock was offered to the shareholders, I had it underwritten, I think, by 75 different houses scattered all over the country, who were invited to join in the underwriting (syndicate) at \$70 a share, because I thought it was good business.

He tells us how later the stock of the Norwest Bancorporation dropped in the market from \$85 to \$50 a share. Then, he said, he called upon the underwriting syndicate to pay into the treasury of the Norwest Bancorporation the difference between \$70 and \$50 a share on the 144,000 shares it had underwritten, which could not be sold to the public or to the original shareholders by the syndicate, because of the drop in price. I then asked Mr. Decker (Hearings, p. 874):

The way things turned out, your organization made \$3,000,000 on that adventure, between the price at which it proposed to repossess them (the 144,000 shares) and that at which the stock was sold to the syndicate?

Mr. Decker, in a nonchalant manner, replied: "We added \$2,800,000 to our surplus." I said:

You outguess the other fellow?

Mr. DECKER. We thought we did a good piece of merchandising.

And then the record shows "laughter."

Mr. BUSBY. That is the situation all over the country with banks that have large banking organizations and that have these subsidiaries?

Mr. DECKER. Yes, sir.

Mr. BUSBY. They are engaged largely in the merchandising or guessing game as to which one is going to get the better of the securities operation when it is finally sold out?

Mr. DECKER. Yes, sir.

Mr. BUSBY. Do you not think that that situation has largely inflated bonds and stocks on the markets of the country?

Mr. DECKER. Undoubtedly.

I then asked Mr. Decker:

Do you not think that the credits required by the business of the country are much less than the amount of credits that has been extended by operations just described and by bank loans and call loans?

Mr. Decker replied:

At the inflated period, prior to the crash, yes; to-day, no.

This big Norwest banker little dreamed at that time that we were just entering the period of business stagnation which we find on every hand to-day. I might tell you that this same Mr. Decker is one of the 12 men recently appointed by President Hoover to head the proposed \$500,000,000 national credit corporation.

#### BANK OF ITALY

Perhaps the most extensive holding company that has operated in this country was the Transamerica Corporation,



organized in October, 1928, for the purpose of taking over the Bank of Italy properties and for the further purpose of establishing, literally, a department store for operations in big financial transactions. It has the authorized capitalization of 50,000,000 shares, 23,000,000 of which had been issued by May 7, 1930, the day that Mr. Bacigalupi appeared before our committee. This holding company owned all of the stock of many national banks, practically all of the stock of two Federal joint-stock land banks. It owned and operated insurance companies, real estate, banking, in fact, almost all forms of credit institutions, to the number of 525. It owned security affiliates, stock trading and investment companies, and was interested as a stockholder in many kinds of big business. It bought 7 per cent of the stock of General Foods. It owned 300 State banks and branches in California. Its stocks were owned in every part of the world, in 40 foreign countries. It had banks in Italy and other European countries and had representatives and agents throughout the world. When Mr. Bacigalupi was before the Banking and Currency Committee, I called his attention to the wide scope of operations, commonly termed "department-store banking," in which the Transamerica Corporation was engaged, and then asked Mr. Bacigalupi if he could foretell the extent to which the operations of this company would reach. He replied—

I have already stated, Mr. Busby, that we are in the business, and we intend to continue in the legitimate pursuit of it; yes, sir.

He told us that day that the assets of the Transamerica were worth \$1,176,000,000. At that time its shares were selling for \$45 on the market. To-day their market value stands at about \$2.50, a clear loss of \$1,120,000,000, or 95 per cent of their market value within one and a half years. This was a great dream by big bankers who thought they could harness the resources of the world through artificially constructed and uneconomic arrangements to control the credits of this Nation as well as, in part, of the world. Friends had faith in the project, invested and lost millions. California, the home of the Bank of Italy, with its 300 branches and other allied financial institutions, has indeed been a great sufferer because of the collapse of this gigantic financial bubble.

Other like instances could be added in great numbers to these, but what I have called attention to illustrate the course taken to develop industrial credits and operate a type of financial trickery, legitimate, it is true, under our present banking laws, but wholly demoralizing in effect on well-meaning legitimate business. Great combinations in public utilities, steel ownership, copper, foods, milk, tobacco, railroads, chain stores, mail-order houses, power, and in every other financial activity became the order of the day. Forming holding companies to own, operate, and control big business was the method used to flood the country with stocks and bonds. How did all this affect the country district, the small merchant, and the rural bank? By reason of high interest rates paid for money in New York loaned to traders on the stock exchange, banks from the other parts of the country kept large sums on deposit and loan in New York. The smaller banks were advised by their big brothers in the city to "keep their assets liquid" by investing the funds of the people on deposit in large amounts in securities recommended by the security affiliate of the metropolitan bank. A favorite form of security even recommended to the small bank for purchase were the bonds of South American countries and of other small countries, which bonds usually carry a promise to pay an unreasonable rate of interest, and which bonds, when the truth was known, were found to have been underwritten at from two-thirds to three-fourths their par value by the security affiliate recommending them. In this way, time deposits and other savings in the most remote banks were reached, for the smaller banker in turn was induced to recommend for "investment" purposes the purchase of these bonds by its customer. The small bank knew who had available funds, because they were already in the hands of the bank as deposits. By selling these bonds to its customer the rural bank secured also a small rake-off or commission for passing the bonds through its hands to the

people. So, through this process, the security affiliates of the large banking houses siphoned the stored up and hoarded credits and savings out of every city and hamlet in the country. They believed they were doing "a good piece of merchandising" when they exchanged through this process almost worthless paper for the life savings of the people. They were but building a house of cards which was to fall upon their heads later.

The rich were laying deep plans, as they were permitted to do under our banking laws and the credit machinery of the country, for the destruction, first, of the outlying districts, then the larger centers, and ultimately, to a great extent, their own well-being. The large banking fraternity of this country, with its security affiliate operations, forcing through high-powered salesmanship methods the overindustrial development during the past five years, and by the described method of gathering up the savings and withdrawing assets out of business everywhere, has been the direct cause of the failures of most of the country banks which have gone down during the last few years. The New York Stock Exchange and the other exchanges have received great blame for the collapse of business. The methods used in trading on these are partly to blame, but for the most part the stock exchange has been simply the vehicle through which the institutions that control the credit of the country have operated to bring about the ends they sought to accomplish. When the stock-market crash came in October, 1929, it was simply a sound of alarm to the world that American and international banking barons had accomplished the ruin of the world, and our country in particular, by their methods of manipulating and dealing in credits. Factories began to shut down, business curtailed expenses, labor was turned out of employment. As this increased, people ceased to consume, because they had not the means with which to purchase. Then we began to hear of an overproduction of this and that; then other business activities slowed up and other mills and factories reduced forces or suspended operations. This in turn deprived more people of employment, and that further curtailed their purchasing power. This process has continued for two years, until almost 10,000,000 persons, able, willing, and anxious to work, to earn the comforts and necessities of life, are without jobs and without means with which to keep themselves and their families from hunger and want. The sources at which wealth is produced have dried up.

Economists tell us that only from the mine, the farm, and by labor is wealth produced. When these were stopped the communities in which they were found were first affected. The local merchant, business institution, and bank were next affected. Then the larger operators on down the stream, and finally the instigators of this awful plot have felt the evil sown by themselves to the financial world return on their own heads. The big banking fraternity in America and the international banks find themselves face to face with great losses. They have loaned heavily to European, South American, and other countries, and now have little hope of making immediate collection. These bankers are, of course, interested in a moratorium on debts due our Government or the people; they are in favor of and have been urging a cancellation of our war debt. Why? Because whatever assets these bankrupt creditors may possess could then be applied to the exorbitant claims of international bankers. I do not desire to discuss this phase of our trouble, for I have not the time to go into it now. But to return to the original thought: What was believed to be beyond question gilt-edge securities, infallible in value, and continuous in dividend possibilities, were relied on heavily by the big banking institutions. I call your attention to one such corporation—General Motors. Its stock sold at a high of 91 $\frac{3}{4}$  in 1929. At that rate, its 43,500,000 shares would bring \$3,991,125,000. That same stock sold this week at \$21 a share. At that rate, all the shares would be worth \$913,500,000, a net loss in market value of \$3,077,625,000, or 77 per cent. Perhaps a more notable example of one of the favorites in big financial circles is United States Steel. It reached a high of 261 $\frac{3}{4}$  on September 3, 1929. At this market value, its 8,000,000 shares would be



worth \$2,094,000,000. To-day it is under \$40 a share, and the total market value of these same shares is less than \$320,000,000, a total loss of \$1,770,000,000, or 85 per cent of its high market value. I have already called your attention to the collapse of the great world-wide holding corporation—Transamerica—which a year and a half ago claimed to be worth \$1,176,000,000, but the market value of which to-day is not more than \$60,000,000, a net loss of about \$1,115,000,000, or 95 per cent.

So the uneconomic structure builded by the big credit institutions not only robbed and ruined many small holders of wealth, many who had but meager savings, but in the end they have done themselves no good. So I say again that, while our condition has been brought about undoubtedly by a conflux of causes, no one of which would have been sufficient, taken by itself, to account for severe depression, the prime offender, the one thing that has contributed most to this, has been the hand at the throttle of the credit machinery while driving to financial destruction.

As I have stated, one of our foremost banking economists, Mr. N. Parker Willis, placed our national wealth at \$410,000,000,000 in 1929. Thirty-seven per cent of this was represented by stocks and bonds listed on the New York Stock Exchange. If the market value of these—\$136,000,000,000—has depreciated to \$46,000,000,000 or less, the other 63 per cent of our national wealth represented by more tangible things than securities has surely greatly depreciated also. In 1920 farm properties were valued at \$78,000,000,000. Their market value to-day would perhaps not be more than one-half of that amount. Farm commodities are worth only a fraction of the price they were two years ago. Take cotton, for example, in 1929, which was not a good price year, the crop sold for \$1,245,000,000, in 1930 for \$656,000,000, and in 1931 it is estimated to bring \$432,000,000, although it is the second largest crop that has been produced. Lack of power to buy and consume by the masses is the explanation.

#### IMPROVEMENT BONDS

During the apparently prosperous years from 1925 to 1929 improvement bonds were issued by municipalities, districts, counties, and States for a long period of years, placing fixed charges of principal and interest upon the people. Regardless of the price of commodities these charges remain the same in dollars. Gross State expenditures increased from \$1,242,000,000 in 1923 to \$1,826,000,000, or 47 per cent, in 1928. Municipal, district, and county expenses during the same time increased 32 per cent. State and local bonded indebtedness in 1922 was \$7,153,000,000; in 1928 it was \$12,608,000,000; an increase of 76 per cent, or from \$65 to \$105 per capita. State and local tax collections were \$4,015,000,000 in 1923. By 1928 they had jumped to \$6,464,000,000, an increase from \$36.54 to \$53.19 per capita. Improvement-bond obligations and taxes are fixed charges which are not affected by commodity prices. They operate in most cases as liens against any and every kind of property. If these obligations are not met when due, people are sold out of house and home. So to-day, to add to the financial consternation, taxes with which to meet governmental expenses and bond obligations are the problem that seems to be beyond solution. If the bondholders, through the process of law, should foreclose their bond mortgages and acquire title to the properties securing them, they would but cancel their claims against their debtors and become the subject for ad valorem tax burdens now so heavily resting upon others. What is the solution? Sales under trust deeds and mortgages securing bonds and like instruments will not solve the question. We must look for a more equitable tax system than the ad valorem method. We must devise new credit machinery and a new method for stabilizing the purchase power of the dollar—not in relation to the fluctuating value of gold but in relation to the index number of commodity values. After all, the chief purpose of money should be to furnish a systematic method to facilitate the exchange of commodities and values.

Almost everyone you meet has some theory as to the cause and the remedy for the depression. Some contend that the Hawley-Smoot high tariff bill was the chief contributing

cause of the world financial disturbance. There can be no doubt that the psychology of the move to force such a tariff measure upon the statute books was the cause of much economic disturbance. In this country and throughout the world the administration in power continually asserted that we were enjoying great prosperity and that business was gathering returns as it never had before. Then the hearings were begun on the Hawley-Smoot tariff bill. I saw big business men with economic experts in every line of manufacturing, business activity, and commercial endeavor appear before the Ways and Means Committee and tell their tale of woe. They came in great hoards and by the hundreds, until, all told, more than 1,000 witnesses appeared before the Ways and Means Committee of the House, demanding a tariff on each and every schedule as it was read. In order that these messengers of ill luck might be accorded a tariff on the several schedules, they and their experts told pitiful tales of the miserable condition in which the business of the Nation was groveling. They not only convinced the Republican membership of the Ways and Means Committee—who, by the way, were the only ones permitted to have anything at all to do with writing the tariff bill—that business was in a deplorable condition but they convinced the country that business was bad. Resentment toward our tariff act was felt throughout the world, retaliation, and boycotting to a degree, was our reward. Our total foreign trade for the years 1925 to 1929, inclusive, was \$24,953,000,000. Our purchases abroad were \$21,333,000,000, leaving a favorable trade balance to us for the five years of \$3,620,000,000. None of these amounts is very imposing when compared with the shrinkage of \$40,000,000,000 a year in our national income and \$90,000,000,000 in two years in the securities listed on the New York stock exchange. But it is absolutely necessary for us to develop foreign trade if we are to prosper as a producer Nation.

#### SILVER QUESTION

The savings of two-thirds of the people of the world have been represented by hoarded silver. China, the most populous nation, India, Mexico, and many other countries have used silver as the basis for their currency. It represented their wealth as well as their purchasing power. Shortly after the World War silver, as a commodity, sold in the market as high as \$1.60 an ounce. Within recent weeks it has sold as low as 26 cents an ounce. The great fall in the price of silver brought a corresponding fall in the purchasing power of two-thirds of the people of the world. Not having the power to purchase imported commodities, they ceased to be consumers of imported goods.

#### GOLD STANDARD

Our statutory credit and banking plan is based on the gold standard. The gold standard is declared by statute. It is simply this: "The dollar consisting of 25.8 grains of gold nine-tenths fine shall be the standard unit of value, and of forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity." That is, the price of gold is fixed at \$20.67 an ounce. By the gold standard our Government agrees to buy all the gold from every source at the price specified, and it agrees also to sell all the gold demanded of it by any nation or nations without restraint or hindrance at the same price. Theoretically, a country on gold standard must keep on hand a stock of monetary metal sufficient to supply at all times any demands which may appear for the redemption in gold of paper money, silver, bank deposits, foreign exchange, and balances. Every private contract in a gold-standard country is payable in gold. Every bank deposit is repayable in gold. The wide scope of responsibility that the gold standard assumes will be appreciated when we recall that the bank clearances of our State and national banks reached the figure of \$702,533,000,000 in 1929. Each dollar of these clearances in theory could have been demanded in gold. Yet the Federal reserve bank placed the total amount of the world's monetary gold at \$11,300,000,000. This would make a cube, if formed together into one solid block, not more than 31 feet for each dimen-



sion. Eleven billion three hundred million dollars worth of gold must form the basis for the currencies of all countries whose moneys are based on a gold standard.

The gold standard is the kind of a currency basis that is favored by the banking systems of the world. A close check is kept on the movements of gold. Every day information may be had as to the exact amount of gold held by each country in the world. The movements of gold can be, and are, controlled by the big world bankers. When we consider that 12 banks in the United States two years ago had resources of over \$20,000,000,000, which is practically twice the amount of the world's supply of monetary gold, it is very apparent that the movements of gold will be directed in accordance with profitable business for the banking systems. Big bankers will always insist that gold is the only proper basis on which to found the currency of any country. They will always insist that a currency based on any other value than that of gold will be a failure. Gold should not be discarded for use in connection with our money or exchange system. Its purchasing power should be fixed and regulated in relation to the commodity index price of the things most commonly used in trade. If this is not done, there will be a constant fluctuation and change in commodity prices because of the maladministration of gold.

Gold flows so easily from a debtor nation to a creditor nation, or is so easily manipulated by a method of piling up credits by a nation which is on the gold-exchange standard, that rapid changes can be caused to take place in gold holdings. The United States and France, having only 162,000,000 of 2,000,000,000 people in the world, possess two-thirds of the world's monetary supply of gold. A legal gold reserve for the almost \$5,000,000,000 of currency in this country would perhaps be about \$2,000,000,000. Certainly \$3,000,000,000 in gold would be sufficient, yet within recent months we reached the peak of \$5,015,000,000 in gold holdings. Certainly we did not need more than half of that amount to stabilize our currency.

The other half was locked up in our vaults, and the world was deprived by us of the use of one-fourth the world's gold supply, when we had no immediate use for it, according to the theory of the gold standard. France, which needs only \$1,062,500,000 to properly stabilize her circulating medium, held gold to the amount of \$2,484,250,000, a surplus of \$1,421,000,000. England holds only 4½ per cent of the world's gold supply, Germany 2½ per cent, Russia 2½ per cent, or these three great nations hold less than 10 per cent of the world's gold supply, while the United States and France hold more than 65 per cent of it. By the method of manipulating, or the maladministration of gold so as to virtually retire from use one-third of the world's gold supply for currency-stabilizing purposes, the price of gold has been boosted to such a point that it is practically impossible to buy it with commodities.

What will be the effect on the gold-standard system prevailing in the United States and France if these two countries acquire possession of so much gold that the other nations find it impossible to aspire to a return of the gold standard? If only two countries can use the gold standard for their money, must all other countries continue to meet their international obligations and pay their unfavorable trade balances in gold? Great Britain and Canada and the major countries of Latin America do business on a nongold basis. Japan, China, India, in fact, every government in Asia does business on a nongold basis, most of them having a silver currency. The only European countries using the gold basis are France, the Netherlands, Switzerland, Belgium, Italy, Poland, and Rumania, and in these the finance ministers are authorized to issue exchange restrictions. The United Kingdom, Norway, Finland, Denmark, and Sweden are counted completely off of the gold basis. Mexico, Brazil, Chili, and Argentina have resorted to a managed currency, which is not backed by a gold standard in any sense. The currency systems throughout the world are in deplorable confusion because of the methods of credit control exercised by American and international bankers whose only yardstick of value is gold. These international-credit

vendors have arranged loans and placed contractual burdens to pay bonds and bank obligations in gold until a solution of the dilemma is impossible if these bonds and these promises to pay gold are to remain. Ask yourself the question: What are the outstanding promises of all the governments of the world—the kind of promises we call the "national debt"?

I have seen them estimated at more than \$200,000,000,000, yet in theory and according to the contracts practically all of this is payable in gold, when there is little more than \$10,000,000,000 of monetary gold in all the world. The vaunted utility and stability of the gold standard is contradicted by the physical facts. The contracts to pay in gold to the extent of \$100,000,000,000 or more are impossible of performance. Gold has become so dear in price that commodities sufficient in number can not be produced and exchanged for money in a sufficient amount to meet the taxes, mortgage obligations, and money requirements of the people, which money our law says shall be kept on a parity with gold. A great impediment stands in the way of the enactment of adequate credit machinery which would enable the laborer to labor and the producer to sell his commodities. The Secretary of the Treasury, Mr. Andrew W. Mellon, shares the views of those who would perpetuate the system that has brought the great evil. He has directed the financial policies in cooperation with the big banking interests of this and foreign countries for the past 10 years. He is accredited with being one of the richest and one of the most influential men in the financial world. He has been accounted a wizard in finance. He and those with whom he has advised are undoubtedly responsible for the deplorable condition, not only in our land but largely throughout the civilized world. They have year in and year out continued to kill the golden goose until the task has been completely accomplished. They are now waking up to the fact that prosperity is not with us, that it is not even "just around the corner," that its shadow has entirely vanished. Woe unto the people because of such financial wisdom!

While the laborer finds no employment, the farmer, who has produced an abundant supply of crops of every kind, because of the high price of gold, can not sell his crops for enough to meet his obligations. On the one hand we see laborers by the millions destitute, hungry, and unemployed; on the other hand, in the same community, we see abundant harvests of foodstuffs and farm products needed by those without jobs. Yet the two can not come together and strike a bargain, because our monetary system and credit machinery have fallen short in meeting this emergency. A fundamental revision of the purchasing power of the dollar must be made so as to fix the buying power of the dollar in relation to the price of commodities, debts, and financial obligations.

One of Mr. Mellon's coworkers, Mr. J. W. Pole, is Comptroller of the Currency. He incessantly goes up and down the country crying out for bigger banking institutions—the bigger the better they suit him. He also wants them to have innumerable branches operating "within the trade territory." The United States can never recover with such men directing the credit policies of our country. They are in accord with that policy which drives the small banker, the small merchant, the individual operator in every field out of business.

#### LEGISLATIVE REMEDIES

Various legislative remedies have been proposed to put us back on the road to prosperity. It has been suggested that \$1,500,000,000 be raised by floating bonds with which to pay off in cash the soldiers' bonus certificates. It has been suggested that \$5,000,000,000 worth of Government bonds be sold and the proceeds of them used to build public roads and do other work so as to give employment to some of the unemployed. We now have before the House for consideration a proposal to place in the hands of the Federal land banks \$100,000,000 so the banks can defer selling many people out of house and home on their farm loans. Many other remedies for relief have been proposed. When we get sick physically we all turn doctors and seek out a remedy for our malady. The financial malady with which this country and



the world is now obsessed is indeed great, and there are many doctors prescribing remedies. Yet I tell you that these are salves on the symptoms of our trouble.

What are these amounts when compared to the loss in investments alone, which have shrunk from \$136,000,000,000 to less than \$46,000,000,000 in the short period of two years? What are these amounts when compared to the \$40,000,000,000 loss in annual income and the diminished values in real estate and other properties? Our Government ran at a deficit of almost \$1,000,000,000 last year. The remedy must be more fundamental than has been suggested. It is my view that a broader basis for our currency must be adopted. A world conference on silver should be arranged by the leading nations of the world, because silver would supply an admirable addition to the base in broadening and reviving the purchasing power of money. We have already, by statute, authorized the participation of the United States in a world silver conference. It is my deliberate judgment that such a conference would have been arranged and the money of two-thirds of the people of the world would have been saved but for the fact that monetary gold is small in amount and easily managed, and but for the fact that one of the managers of gold, Andrew W. Mellon, is and has been for 11 years Secretary of the Treasury of the United States. When we revive the purchasing power of the countries whose currencies are on a silver basis we make it possible for them to buy the products of our factories and farms.

#### THE PURCHASING POWER OF THE DOLLAR

I repeat again that the purchasing power of the dollar should be stabilized in relation to the value of commodity prices along the line of the plan proposed by Prof. Irving Fisher, of Yale. That is the only complete solution of the money question. The purpose of currency is to facilitate the exchange of commodities between man and man, country and country, and that should be the working result of any monetary system. I would not advocate any monetary system which overlooks providing a means of savings in hard-money silver, as well as gold, for there are classes of people that require such medium for the encouragement of thrift and through which to hoard savings against the emergencies of life. We are tied down, hungry and starving, by a broken down, inadequate money and currency system in a land of plenty. Our credits and obligations have been so managed by "wizards of finance" that no solution seems possible to our dilemma.

#### THERE IS NO OVERPRODUCTION

There is no overproduction, as we have been told. There can never be an overproduction of the necessities of life until every man, woman, and child has been provided with sufficient food, clothing, and comforts of life. There may be, and there is to-day, great underconsumption because of the 10,000,000 people unemployed who can find no jobs; but there is no overproduction.

#### GREAT NATURAL RESOURCES

We live in a land of great natural resources. It has the finest soils, the most wonderful climate, forests, rivers, harbors, coal, gases, and oils. It is filled with modern factories, manned by scientifically trained men as no other country in the world. Our ability to do things and accomplish results in this country is indeed great. But those factories are idle, mines are not working, forests are left to grow, shipping is stagnant, and business is sick everywhere. The welfare of the American people has been sacrificed by its selfish managers. They have not been faithful to the trust imposed upon them, as the fruits of their administration testify. While hopeless as our situation seems, and as much as we know that those who have been entrusted for the last 10 years and more with the destinies of our people have miserably failed, we are consoled that the productivity of the land remains. Rivers continue to flow and the sun continues to shine just as if the Republican Party had never come into power.

Mr. LUCE. Mr. Chairman, I yield so much of my remaining time as he may desire to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, ladies and gentlemen of the committee, there are many borrowers of our Federal land banks who, in recent times, have deserved more liberal treatment than they have received in extension of overdue paper. I shall vote for this bill which is before us. But there is a feature of the bill concerning which those who are administering the system have a great deal of misgiving. It is my hope, at least, that I may enlighten the House somewhat as to the apprehensions which have risen with regard to the bill in its present form.

The immediate necessity for this legislation unquestionably is that in some districts of the country borrowers who are in extremis have not had such sympathetic consideration as should have been given under all the circumstances. Generally speaking, the 12 land banks have been very considerate.

To make the situation clear, let me give you these figures. On November 30, 1931, there were 408,000 outstanding loans in the 12 banks of the system. Of the total number, 83,230 were delinquents, and of the eighty-three thousand and odd delinquents only 3,848 are under foreclosure to-day. Of the total net mortgage loans of the system, which amount to \$1,171,000,000, the unpaid principal of defaulted loans amounts to a little over 1 per cent, or \$15,670,000.

In isolated instances it has been alleged by gentlemen who are much more familiar with the situation than I—such as the gentleman from Alabama, for whose judgment in these matters I have great respect—that very little leniency had been shown by local land banks to delinquent debtors.

Through no fault of the gentleman from Alabama or any other person than myself, I was unable to be present at the meeting of the Banking and Currency Committee when section 4 was written into the bill. On the day that this provision was inserted in the bill the price of farm-loan bonds went down 2 points. I do not say to the House that the introduction of the amendment caused that drop. Possibly the drop would have occurred anyway, but it is said by men intimately associated with the administration of the system that the insertion of the section in question strongly contributed to this drop in prices of the bonds.

Yesterday the best bid which could be had on the Federal land bank 4½ percent bonds, maturing in 1953, was 75. The bonds of the system carry from 4 to 5 per cent on the average. The present market price of the 4½ per cents affords the investor 6.29 per cent on his money.

On that basis these bonds are not attractive enough to the average investor to stimulate a great demand and result in an increased bid.

Now, let us see about this provision that is written into the law. It is not mandatory; it leaves it to the discretion of the boards of directors of the land banks to determine whether under the circumstances of each case they will grant an extension. Let us say they grant an extension of only three years. They decide that such an extension is all the facts in the particular case will justify. At the end of three years the debtor in question is still unable to meet his obligations. Further extension is refused and foreclosure proceedings are instituted. In such a case, if the law contained no reference to a definite term for extension, the case would be closed. But if section 4 is retained, the borrower will insist that he has a right to a 5-year extension.

The foreclosure comes before the justice or the judge in that district, and that judge or justice is human. He looks with natural sympathy toward the borrower, and when urged in equity to issue a foreclosure decree, his inquiry naturally is as to what has been done to save the borrower. The moment it appears that the full extension of five years has not been granted there is going to be a great unwillingness to issue foreclosure decrees until the full 5-year extension has been granted in every individual instance.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Not now.

Mr. BURTNESS. Right on that point.

Mr. BEEDY. If the Chair will warn me when I have consumed 15 minutes, then I shall endeavor to yield first to



the gentleman from Alabama [Mr. STEAGALL] and then to the gentleman from North Dakota [Mr. BURTNESS]. The result is going to be a continually increasing pressure on the part of all these borrowers to get a definite 5-year extension. That necessarily would result in a continual increase of the frozen credits of the system. When such extensions become general the securities behind these bonds are depreciated in the sight of the investing public. They become less and less attractive as an investment. In such a situation what can the system resort to? The interest rate on these land-bank bonds must be increased in order to make them more attractive to the average investor. If the present rate of from 4 to 5 per cent is increased to 6 per cent, who must ultimately pay that increased rate of interest? The borrower himself. So that if you trace the operation of this section in its administration to its conclusion, you will see why there is a very grave and well-founded apprehension that this section will result in doing the very thing the system seeks most to accomplish, namely, to extend the farmer credit at a low cost.

In order that the RECORD may be clear, I have made this statement. I sincerely trust that those who now entertain the grave apprehensions I have outlined will find themselves to be in error. We can not defeat this measure on the floor and no one of us would take the responsibility of opposing it lest we lose that large measure of relief which we desire for borrowers from our Federal land banks. I now yield to the gentleman from Alabama.

Mr. STEAGALL. The gentleman has answered what I had in mind.

Mr. BEEDY. I now yield to the gentleman from North Dakota [Mr. BURTNESS].

Mr. BURTNESS. I heard with interest the remarks made by the gentleman as to what the courts would do. I am not familiar with any proceeding in any State where the court would have anything to do with that at all. The court would simply determine whether or not there was a default under the contract, and if there is a default under the contract, the court would be compelled to file its decree of foreclosure. Of course, in equity, a court would have certain powers in the States, in the exercise of its discretion in granting time in which the individual debtor might make good the default.

Mr. BEEDY. That is the point.

Mr. BURTNESS. That would be a default under the practice. In most States it is statutory.

Mr. BEEDY. The gentleman has stated the point in the closing part of his question.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Yes.

Mr. STEVENSON. The gentleman says that this will probably cause the raising of the rate to the farmer.

Mr. BEEDY. Let us not put it that way. There is a fear that it might result. I do not care to predict that it will.

Mr. STEVENSON. I am going to put that over against the actuality. If a note falls due and is in default, automatically the rate of interest rises to 8 per cent under the statute unless they have the right and do extend the note as we propose to do, and we are directly taking care to the extent of 2 per cent of the man who is in default, because he is not automatically penalized with 2 per cent additional to his interest when it is in default. They have the right when they extend this to make out a new paper.

Mr. BEEDY. The gentleman is right in so far as he goes. That rate of 8 per cent would obtain if the default occurred and the note is suspended right where it is. But the point I make is of broader application.

Mr. STEVENSON. The gentleman does not say that the board at present has the right to waive that 2 per cent additional interest?

Mr. BEEDY. No.

Mr. STEVENSON. Will you give them the right to fix that?

Mr. BEEDY. The gentleman has now made himself clear to me. There is no right to suspend that penalty, but that

increased rate of interest affects only those who having borrowed and having failed to meet their obligations must pay the penalty provided in such cases. As I have stated, there are only 3,848 defaulted loans.

I am talking about the general rate of interest which must be paid by all the hundreds of thousands of future borrowers from the system in the first instance.

Mr. STEVENSON. I understand the difference entirely, but we are going to look a little bit after the fellow that is in the ditch with a mule on top of him.

Mr. BEEDY. Yes; and that is why this legislation is here. Members on both sides of the House who are interested in this legislation are inspired by the highest motives. I take this opportunity to say that, speaking as a plain citizen, I am proud of the attitude that has been manifested by the Democratic Party in all stages of the legislation which has come before the present Congress. I think there is unquestionably an honest purpose on the part of the Democratic Members to give to the people of the country, irrespective of the source from which the legislation originates, whatever wholesome, constructive legislation is deemed necessary. [Applause.]

Mr. LEAVITT. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Yes.

Mr. LEAVITT. I am not clear on one statement that the gentleman from Maine has made to the effect that section 4 might result in a general demand for a postponement for five years. Section 4, as I read it, does not result in any general postponement for five years at all. It gives a period of five years over which back payments might be spread.

Mr. BEEDY. That is right.

Mr. LEAVITT. And one-fifth of it would be paid in one year?

Mr. BEEDY. Yes. The back payments would be averaged over the five years. Every payment as it accrues would be increased by the amount of one-fifth of the overdue payments for the next five years. Within the discretion of the individual bank, these extensions may be made as the circumstances justify. If the extension is for three years, the defaulted payments are prorated over a period of three years only.

But the question is, Will these debtors feel that they have been used fairly if foreclosure proceedings are brought against them at any time within the limit of five years? Will they not continually demand a full 5-year extension?

Now, I yield to the gentleman from Illinois.

Mr. MORTON D. HULL. May the extension granted by the directors be for a less time than five years?

Mr. BEEDY. Yes; it may be and unquestionably will be in many instances. Where it is granted for less than the five years I have just been raising the question as to whether we are not going to have the same fault finding that we are now having—that the bank has been hard-boiled and unsympathetic unless a full 5-year extension is granted. The period for extension should be wholly within the discretion of the various directorates of the 12 banks.

Mr. MORTON D. HULL. My criticism goes to the former paragraph, that the power to extend does not indicate the length of time. The length of time comes in here in connection with the right to pay. The phraseology is plain.

Mr. BEEDY. The Farm Loan Board is opposed to this section as it is now written. I am therefore calling the attention of the House to the serious problem presented by the wording of this section. We hope that it will not in any way impair the efficiency of the system, but I myself do not see how it can fail to do so.

Mr. BURTNESS. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. BURTNESS. Assuming that section 4 were not in this bill, then the only recourse in the case of default would be foreclosure, would it not?

Mr. BEEDY. No. The board still has discretion, if the facts and circumstances justify it, to make extensions.

Mr. BURTNESS. To let them run as past due?

Mr. BEEDY. The proof of it is that while there are 83,000 delinquents out of more than 800,000 loans, the num-



ber of foreclosures is only 3,848. There are only 5.7 per cent of the delinquents listed in the 12 banks which to-day are in process of foreclosure.

Mr. BURTNESS. But how many of those have made preliminary demands, threatening foreclosure unless they were paid within a few days?

Mr. BEEDY. Of course I can not tell the gentleman about that.

Mr. BURTNESS. I am sure the gentleman will find there are a great many of them.

Mr. BEEDY. They are holding in extension thousands of these defaulted cases.

Mr. BURTNESS. Exactly; until this legislation can be enacted. Many of them are held in suspense.

Mr. BEEDY. That may be true, but the management of the system is sympathetic, as a whole, with the debtors whose payments are overdue. They want to extend loans just as long as it seems wise under the facts and circumstances. The various banks are, of course, anxious to do everything possible to meet the interest payments on their bond issues.

Mr. BURTNESS. Will the gentleman say that from experience the foreclosure of these mortgages has brought in any money with which to pay interest on the bonds, or whether more harm has been done to the system in being deprived of money with which to pay the interest on the bonds than would have otherwise have been the case if they could have adopted such a policy as is embodied in section 4?

Mr. BEEDY. The system recognizes that, and I think that is why about 80,000 of these defaulted loans are being held in the 80,000 individual instances. That is the real reason for their being held in suspension and not the outcome of this legislation. They are nursing these cases along and doing everything they can to prevent foreclosure in order to insure meeting interest payments on the bonds as they fall due.

Mr. BURTNESS. I would like to ask a question with reference to the market price of these bonds.

Mr. BEEDY. If the gentleman will excuse me, the gentleman from Virginia [Mr. TUCKER] has been on his feet a long time. He is one of our esteemed colleagues of long service, and I desire to yield to him. My time has about expired.

Mr. TUCKER. My friend is a member of the committee that framed this bill. I am not enthusiastic about the bill.

Mr. BEEDY. Neither am I, as I have been pointing out.

Mr. TUCKER. I would like the gentleman to explain the first section to me. In the first section I find the following:

It shall be the duty of the Secretary of the Treasury on behalf of the United States, upon the request of the board of directors of any Federal land bank made with the approval of the Federal Farm Loan Board, to subscribe from time to time for capital stock of such bank in an amount or amounts specified in such approval or approvals.

"From time to time"—from time to eternity.

Mr. BEEDY. As long as the system endures.

Mr. TUCKER. Have we the power? Are we taking away by that provision the right, the duty of the Congress alone to appropriate money, and give it to the whim of the Farm Loan Board?

Mr. BEEDY. Well, that raises an interesting question that some day may have to be settled by the Supreme Court.

Mr. TUCKER. No, sir. It is our duty to settle it here.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield five minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies and gentlemen of the committee, you will of course appreciate the utter impossibility of discussing as fully as I would like to the essential features of House Resolution 6172 in the short time allotted to me by the distinguished chairman of our Committee on Banking and Currency. Personally, I think it a very happy hour we have reached in this Congress when we can direct our best thought and attention toward the consideration of plans which are designed to bring about domestic relief and assist our own people. On

yesterday we passed a resolution which the administration represented to Members of Congress to be necessary to avert a calamity in Europe. The favorable passage of that resolution was, according to information furnished us by our President, essential if we were to maintain the national integrity of our country. Its primary purpose, as represented to us by those in authority, was to avert a calamity in Europe which would inevitably adversely affect the welfare of every American citizen. It is my candid opinion that with the enactment of this legislation which we are now facing, we will to a certain extent avert a calamity in our own land. Though the present bill does not go as far in relieving the indebted and perhaps bankrupt farmer as I think his situation deserves, nevertheless in the circumstances, which can be corroborated by reference to the hearings before our committee, it is about the best bill we could hope to have favorably acted upon by the Congress.

It is needless to state that there is no situation so acute and quite so distressing and alarming to-day as that involving the wholesale foreclosure of farm-land mortgages. Legislation which will assist in stopping immediately this unwholesome condition, with its inevitable devastation and wreckage of homes, is perhaps as important at this juncture as any other of a similar character which will engage the attention of this Congress. As a new Member last session, I tried to the utmost of my capacity to secure some remedial legislation in this direction. But my efforts were of no avail. In keeping with the original purposes of the act of 1926, creating the Federal Farm Loan Board, according to the statement of Mr. Bestor, commissioner of land banks, who appeared before our committee in advocacy of this legislation, this bill is primarily intended to insure the maintenance of the Federal land bank system, to stabilize the bonds, and to provide operating capital with which to further the making of loans to farmers. These purposes are undoubtedly worthy ones, and the carrying out of the same will unquestionably have a generally beneficial effect. However, I was one among other members of the committee who felt that the present situation demanded that some form of legislation be immediately enacted into the law which would insure during these abnormal times, a more definite policy by the Federal Farm Loan Board toward leniency and consideration for the thousands of distressed borrowers.

I further felt that this bill should include authorization to the directors of the various land banks to effectuate practical plans whereby mortgagors who have lost their homes and property could by liberal terms in keeping with the present situation redeem their lost properties when the same was still in the hands of the land bank or its agents. I furthermore felt that, if practical and constitutional, some provision should be made to give preference in the extension of credit to bona fide owners of farms who lived thereon and actually cultivated the land. Though there are many farmers throughout my district who are indebted to Federal and joint-stock land banks, there are other reasons why I am extremely interested in legislation of this kind. We all know that the test of the success in government depends largely upon the degree that it is able to insure security and happiness in the home. I therefore plead with each of you, irrespective of party lines, that we turn this evening our minds and faces homeward and as far as possible visualize the plight of those who are living in fear of the sheriff's hammer. Personally, I believe as a rule in following the true and tried paths of finance. But we all are agreed that under extraordinary circumstances and in emergencies like these which we now face ordinary measures prove inadequate. Of course I would not be interested in adopting merely palliative measures which were fundamentally unsound and, though perhaps temporarily pleasing, would in the end cause greater hardship and suffering than the deplorable condition which they undertook to remedy.

This bill, as I understand it, is the initial step in the program of our President in his effort to bring about economic restoration and adjustment of economic dislocations. At this point, may I say, as one who differs with our President in many ways and who is unable to indorse his policies



and concur in his judgment in normal times, that it will be my purpose throughout this crisis and until we emerge from this valley of depression and despair to go with him in his program as far as I can conscientiously and consistently do so. Believing that he is sincere in his efforts to carry us forward to better times, I shall, to the extent of my ability, try and share with him the great responsibilities and burdens which are daily bearing heavily on his heart and shoulders. Without intending to sacrifice any of the great and glorious principles of the Democratic Party, to which I belong, it is my intention and desire to act during this Congress as an American citizen first and then as a member of my great party.

Mr. ABERNETHY. Will the gentleman yield for a brief question?

Mr. HANCOCK of North Carolina. I gladly yield.

Mr. ABERNETHY. Do I understand from the gentleman's statement that it is the wish and intent of the Banking and Currency Committee that the people who have the administration of that law shall be lenient as possible to the owners who are in distress at this particular time?

Mr. HANCOCK of North Carolina. Section 4 of the bill was designed to insure that accomplishment.

Mr. ABERNETHY. And that is the real intent of Congress in passing this legislation; is not that so?

Mr. HANCOCK of North Carolina. Yes; I think you are entirely correct in that conclusion. I might say in this connection for the committee that all of us were interested in working out a bill that would be practical and sound in principle; yet we were, because of present conditions, particularly interested in providing relief to the distressed borrower and insuring for him from those in authority the greatest consideration. All of us recognize that it would be unwise to take any excursions into new and untried fields of legislation, unsound in principle and impracticable in application, and we, of course, had to be mindful and careful not to do anything which would affect the soundness of the land bank's financial structure. All of us well know that it is impossible to lay down any absolute rule for the administration of a measure of this character. In the last analysis, we appreciate the fact that its success is largely dependent upon the attitude, method, and manner in which it is approached and administered by those in charge.

Though Mr. Bestor would not commit the Federal Farm Loan Board to a policy of greater consideration to the borrower, he stated emphatically that the board had done and would continue to do everything reasonable and in keeping with humane and common-sense principles to aid the mortgagors in meeting their payments and preventing foreclosures.

Any contention regarding the passage of this bill will, of course, be directed toward section 4. Some members of the committee felt that under the present act the board had authority not only to defer foreclosures after default but to grant extensions. To be able to answer questions on this point, I spent a large portion of last night studying the original act with its amendments and reviewing carefully the testimony of the hearings before the committee last year regarding a similar bill which the distinguished chairman of our committee sought to have enacted into law. The result of my study last night convinced me that no such provision now exists under the present law.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman one additional minute.

Mr. HANCOCK of North Carolina. In conclusion, may I say that in my judgment section 4 of the present bill gives to the board the authority which it is necessary that it shall have if the perhaps main purpose of this legislation, and that is to aid the distressed borrower, is put into effect. In the Federal land bank system there are 12 per cent of the land mortgages of this country. On all sides efforts are being made by our Government to provide a way to thaw out or handle sound but frozen assets in our financial institutions.

Section 4 of this bill merely gives the board, in its discretion and where conditions justify, the right to assist

borrowers to renew their obligations in the same way that debtors to other financial institutions will be able to renew and extend their obligations if our President's program calling for the enactment of the Reconstruction Finance Corporation is carried out by this Congress. It must be a matter of common knowledge to all of us that as a practical business proposition it is far better to renew the note of a deserving debtor and keep it alive by the payment of interest than it is to force him to sacrifice his property during these times when there is no value on or market for the property. I was particularly pleased to hear our distinguished floor leader announce to the House yesterday morning that the President had conveyed to him a message assuring Congress that with the passage of this measure and the establishment of the Reconstruction Finance Corporation, backed by the Government with a fund of \$2,000,000,000, joint stock land banks, though not specifically designated in the bill for assistance, would be adequately taken care of by way of loans under rules and regulations prescribed by the new emergency corporation's board of directors. Of course, these organizations are akin to each other, but since joint-stock land banks are, like national banks, privately owned, the only means by which the Government can aid them will be by loans rather than the provision of capital, as will be done with respect to Federal land banks if this bill is enacted into law.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman and members of the committee, I want to thank the distinguished gentleman from Maine for his magnanimity and his generous comments on the efforts put forth on the Democratic side of the House so far during the present session of Congress. I will say to the gentleman that all Members on this side expect hereafter and at all times to work hard and industriously in the effort to solve any of the problems which confront the country.

In connection with this particular bill I will remind the gentleman that the only thing that has made it possible for this House to pass the measure at this time is the work that was done during the last session of Congress in connection with a bill introduced by a Democrat from Alabama, which bill was referred to the Banking and Currency Committee and upon which hearings were held during the last session of Congress. [Applause.] That bill was substantially the same in its provisions and purposes as the present measure before us, except that we make the appropriation in this instance \$100,000,000 instead of \$60,000,000, as provided in the bill last year. The accentuation of the distress throughout the country has made it necessary to enlarge the amount accordingly.

Mr. BEEDY. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BEEDY. The gentleman wrote me this summer asking me to help him get his bill out of committee when the Congress convened at a time before we knew which side would control, did he not, and did not I say I would help him?

Mr. STEAGALL. The gentleman did, and I thank him. I thank the gentleman and I thank the entire administration for having gone along as well as they have in connection with this legislation.

The gentleman from Virginia [Mr. TUCKER], a great lawyer, and one we all honor, love, and revere, evidently has not given his usual close attention to the provisions of this bill. There is not a thing in this measure which authorizes the Federal land bank and the Federal Farm Loan Board to make drafts at their own pleasure upon the Treasury of the United States from time to time. We simply authorize in this bill the appropriation of \$100,000,000 out of the Treasury, which goes into a revolving fund, and which may be drawn upon in limited amounts by any land bank from time to time upon the request of the bank officials, with the approval of the Federal Farm Loan Board.

I want to say in this connection it is not thought that the Treasury of the United States will ever lose one dollar advanced to these land banks. They have securities now



which under any ordinary circumstances ever known in the memory of any Member of this House would enable them to float their bonds with the investing public, and take care of all their requirements without any resort to the Treasury of the United States for aid.

Mr. BRIGGS. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BRIGGS. I simply want to tell the gentleman that I strongly favor this measure and I would like to ask him with reference to section 4 if it is the intention of the committee that this section providing for extensions shall be liberally construed by the board in the exercise of its discretion.

Mr. STEAGALL. I can not say what will be done by the Federal Farm Board under its own rules and regulations. We have their assurance and that of the President in his message to Congress their purpose is to aid the farmers of the country.

Mr. BRIGGS. Let me ask the gentleman just this question: I notice it was stated by one of the banks that all borrowers and officers of farm-loan associations should understand that it is a waste of time to ask for extensions. Is not this very section put in here so it will not be a waste of time to ask for an extension when an emergency exists?

Mr. STEAGALL. That is one of the purposes of this bill and one of the particular things sought to be accomplished by the particular section to which the gentleman refers.

Mr. BRIGGS. I am very pleased to hear the gentleman say that because I thought that was the purpose of the section.

Mr. STEAGALL. With respect to the bonds let me say now that there are many bonds carried by the banks and the investment public in this country which can not be realized upon simply because of the unusual conditions and because of the economic situation in which we are involved at this time. The Federal land-bank bonds have stood up remarkably well under all the circumstances, and with all deference to everyone, and I certainly would not speak otherwise, I do not think any gentleman would insist that legislation advancing \$100,000,000 to the Federal land banks could fail to stimulate the market for its bonds. Any other contention would be utterly without foundation.

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That section 5 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 691-697), is amended by adding at the end thereof a new paragraph, as follows:

"It shall be the duty of the Secretary of the Treasury on behalf of the United States, upon the request of the board of directors of any Federal land bank made with the approval of the Federal Farm Loan Board, to subscribe from time to time for capital stock of such bank in an amount or amounts specified in such approval or approvals, such subscriptions to be subject to call in whole or in part by the board of directors of said bank upon 30 days' notice with the approval of the Federal Farm Loan Board. The Secretary of the Treasury is hereby authorized and directed to take out and pay for shares having an aggregate par value equal to the amounts so called; and to enable the Secretary of the Treasury to pay for stock issued hereunder there is hereby authorized to be appropriated the sum of \$100,000,000. Shares of stock issued pursuant to this paragraph shall be paid off at par and retired in the same manner as the original capital stock of said bank after said original stock outstanding, if any, has been paid off and retired: *Provided, however,* That stock issued from time to time pursuant to this paragraph may, in the discretion of the directors and with the approval of the Federal Farm Loan Board, be paid off at par and retired in whole or in part; and that said board may require such stock to be paid off at par and retired in whole or in part out of available resources of said bank. The proceeds of all repayments on account of stock issued pursuant to this paragraph shall be held in the Treasury of the United States and shall be available for the purpose of paying for other stock thereafter issued pursuant to this paragraph."

Mr. HILL of Alabama. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, ladies and gentlemen of the committee, I believe the passage of the pending bill is the best Christmas present that the House of Representatives could give the farmers of the country.

It is estimated that in one county in the State of Alabama 62 per cent of the farms are under farm land-bank mortgages, and I am informed that one weekly newspaper in a small county in Alabama, in one issue, carried 49 notices of foreclosure under land-bank mortgages.

The bill makes available \$100,000,000 for the land banks, and if it is enacted into law and is properly administered, it should mean that in large measure there will be an end of these foreclosures; that the awful fear will be lifted from the hearts of thousands of men, women, and children, and that they will have the sweet assurance that in this time of economic distress they will not be driven out of their homes.

As the present distinguished chairman of the Banking and Currency Committee has said, many of us under his leadership sought to secure at the last session of Congress a favorable report on the pending bill, or one of similar nature, from the Banking and Currency Committee, but that report was denied.

The present Banking and Currency Committee was elected on Tuesday of this week. Within 48 hours of its election, it had favorably reported the pending bill, and to-day, within the remarkably short time of four days, it brings to this House for action the pending bill.

I feel the committee and its chairman, who has given to it direction and leadership, deserve the thanks of the House and of the country.

Of the far-reaching and important legislation which must be enacted in this crisis in our country's history, the greater part must come from the Committee on Banking and Currency, and this committee takes a place second to none in this House. The committee in this hour is most fortunate to have as its chairman the distinguished gentleman from Alabama, my colleague [Mr. STEAGALL] [applause], whose fine ability, integrity of purpose, devotion to the public welfare, and sympathetic understanding of the people and their problems command the esteem and the confidence of the House. [Applause.] Alabama is proud to claim him as her own. [Applause.]

[Here the gavel fell.]

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last word. Mr. Chairman and ladies and gentlemen of the committee, I had hoped that you would be relieved of hearing anything from me for at least one or two months of this session. But the bill that has been brought out from the Banking and Currency Committee is the one ray of hope, the one real sign, that looks toward the amelioration of the condition of the people of my section of the country, who, by the foreclosures of their homes and farms, are being put out into the streets and highways.

I was one of the 100 who voted against the moratorium of the President of the United States as a protest—not because I was unwilling to help Germany in her disturbed condition, not because I was unwilling to help the international bankers who have been so improvident as to lend Germany \$15,000,000,000, but when the President of the United States wired me to give my approval to the proposed moratorium my answer was that if he would give the same moratorium to the distressed debtors of America by Federal owned and controlled institutions I would vote for it.

I have a great deal of respect for a former Member of the House, Ogden Mills. I think he is one of the great financiers in the country. I have respect for the ability of the Secretary of the Treasury, Mr. Mellon; I have respect for the President of the United States. I know him personally, I like him, I appreciate his difficulties, disagreeing with him in politics and in many things. I am not approaching this matter in a partisan way, but the passage of this bill will serve notice on the men who have the enforcement of these governmental agencies that they must understand that there should be the same sympathetic consideration for the people of this country that has been proposed here for Germany and foreign nations.

In my district a few days ago one little bank owed the Federal reserve \$12,000 and had \$56,000 in securities. The local bank asked for an extension of the notes and the Federal reserve declined and the bank closed its doors.



I favor this legislation, and I want the men who enforce it to understand that it is the intent of this Congress to see that relief is granted to the downtrodden people of America as well as to those in foreign lands. [Applause.]

Mr. BURTNESS. Mr. Chairman and members of the committee, perhaps there is not much to add to this debate. This bill, to all appearances, will be approved by a large majority of the membership of the House.

I think, however, it might be well to emphasize one or two features in view of some of the objections that have been raised by our overconservative friends. The Federal land-bank system was established not for a temporary emergency but as a permanent institution to take care of the long-term credit needs of agriculture. In normal times no particular help was contemplated from the Treasury. It was expected to stand on its own feet. Having that in mind, anyone who is not simply a demagogue or wanting to raise trouble of some sort must concede that one of the fundamental things for the management of land banks always to have in mind is to maintain the solvency of the institution as a whole, to the extent that the interest upon its obligations may be met promptly, which, in turn, means that securities can be floated at low rates to provide money for the farm mortgages, and any other practice would simply wipe out the system as a permanent agency.

Admitting that theory, I have, however, sometimes felt that the management of the Federal land-bank system, the Federal board, and possibly some of the local banks have leaned backward too far, have disregarded practical conditions confronting them, that they have been so set upon making an excellent showing to the extent that every due installment is paid and in their coffers when it is due that they have in many cases forgotten the true interest of the farmer-borrower and the real purpose of the law.

If there is any word I want to send out here this afternoon to those responsible to the management as well as to the farmers, it is that it must not be forgotten in the administration of this act that the interest of the land bank itself and the interest of the farmer borrowers are in each and every case mutual. The bank must be able to sell its securities; the farmers must, however, be able to crop the land properly to pay their installments. I think that should be particularly borne in mind in connection with the administration of section 4 of this bill, which should provide some relief to people who are in default in one or more installments.

I wish that section would have been more liberal. True, defaults can, under its terms, be extended one year and paid in the five next installments, but I would have been better pleased if they could simply have been stepped up in the nature of a ladder in the same way that President Hoover would have preferred the installments on the intergovernmental debts to be stepped up. I mean, of course, discretion to let the installment with interest be paid at the end of the loan, or before that time as agreed on. I think that would have been better, but as France objected to that, in connection with the moratorium, so apparently some one has objected to allowing that discretion in this bill.

Some relief will be obtained by amortizing for a period of five years all installments in default. That will help some, but other methods should be used in proper cases. I was very glad to get the answer which the gentleman from South Carolina [Mr. STEVENSON] gave when, in response to my question, he told that this is not an exclusive remedy, but that the bank and its managers will still have the same discretion which they had heretofore, the same rights and privileges. What I have in mind is this: We all know what has happened with reference to the returns of agriculture in the last decade. We know that many of these loans were made at a time when, if conditions remained as they were at that time, there would have been no difficulty in paying the semiannual payments provided for in the loan, as well as taxes; and, in fact, in good times many of those loans were cut down substantially. Some have been paid down now to a basis where the principal is but 50 or 60 per cent of the original loan, but the installments are made on the old-loan

basis, and the farmers can not meet them except with the greatest difficulty. Sometimes they go without needed improvements to do so, which hamper them in their operations. With the lower prices on farm products, the farmer, even though the loan relatively is not a big one, is unable to pay the entire installment that becomes due in any one year and the taxes and other expenses in connection with his farming operations. Therefore, it seems to me that the best interest of the land-bank system and the best interests of the borrower under such circumstances require that that loan that is down to a reasonable basis under the existing value of the land should be written on a new amortization basis. The result then would be that the annual and semiannual payments will be cut proportionately so that the farmer can meet them.

Even under section 4 I fear that the Members of the House are going to hear from that again, because under the present prices of farm products, when a farmer, because of drought, because of the destruction of his crops by grasshoppers, or for other reasons, has gotten into default, not only with reference to one or two installments on the loan but with reference to his taxes, he will the next year be unable to pay all of the taxes as to which he is in default, to pay the current year's amortization payments, and also one-fifth of the installments already in default when the extension is granted. I do not want to take up the time of the House further on this, except to say that the discretion granted here will not cure all the difficulties by any means. It will help some. I am thankful for that. But I wish the committee might have gone further.

I hope and believe that the management of the various banks will exercise that discretion reasonably well. I entertain no such fears as the gentleman from Maine [Mr. BEEDY] entertains, and I suggest to those who think these land-bank bonds have gone down solely because of lack of confidence in the system, that while lack of confidence has been a factor, the current interest rates have also been a very great factor. If you figure the current prices on these bonds down to an interest-rate basis, even on the low prices now prevailing in the market, you will find they would yield but little more than 6 per cent. This system is not going to the demerit bow-wows at all. It is a fairly sound system, it has succeeded reasonably well, but an unprecedented depression has brought serious problems, and now it needs this \$100,000,000 additional provided in this bill, so that it may function satisfactorily for the best interests of all the people of the Nation.

This bill does not embody my views, but it goes a long way in that direction. We must accept it in good faith, and whether it is improved or not by amendments it deserves the support of all of you. In order to show some of the collection methods that have been maintained in one of the banks, which I have openly criticized, and more particularly my views with reference to rewriting loans and amortizing them as new loans, I ask unanimous consent that I may extend my remarks by including certain correspondence which I have had with the President of the Federal Land Bank of St. Paul upon these subjects.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BURTNESS. My letter dated October 16, 1931, deals in a general way with the need of rewriting the loans and also with the practice adopted by some collectors to force farmers to give security on the following year's crop to cover past due and current installments. I also urged that no foreclosures be started where the farmers were doing their best and willing to carry on.

GRAND FORKS, N. DAK., October 16, 1931.

Hon. F. H. Klawon,

President Federal Land Bank, St. Paul, Minn.

DEAR MR. Klawon: Please permit me to transmit herewith a letter just received from Mr. J. J. Erlendson, of Hensel, N. Dak., secretary-treasurer of the Crystal Federal Land Bank Association, and which is self-explanatory.

I assume that you and your associates have heretofore given consideration to the proposal which he makes to rewrite loans that have been running for a number of years upon which a substantial amount of principal has been paid, thus putting them



into the same shape as if a new loan would be made, including any amount that they may be in default in the principal of the new loan.

This strikes me as a practical suggestion, and I hope that it may receive sympathetic consideration. I realize that upon lower existing values some of such loans may be a little higher than would be granted if there were no prior loan and a new application would be made. On the other hand, it strikes me that the bank would not be the loser, but would by this method get the paper into better shape and would make it that much easier for the borrower to carry on. While we all hope for a change for the better in agriculture, I feel most of us agree that the change will be slow and that it will be difficult for any farmer to pay up accumulated debts of the past two or three years. In other words, the proposal would amount simply to an amortization of his present defaults.

I have at no time criticized the policy of the land bank in asking for further security with reference to unpaid installments and have not advised borrowers, as I understand some officials have, to refuse to give security for past-due installments upon subsequent crops or upon chattels. I do, however, feel that there are many practical objections to doing so both from the viewpoint of the farmer borrower and the viewpoint of the bank. The interests of the borrowers and the land banks are mutual. Unless the borrower can succeed, the bank will have to take on a large amount of real estate, which it certainly does not want. If the land bank ties up all of the available security which a borrower possesses, the latter becomes so embarrassed that he can not possibly farm the land in the way that it should be farmed. This year, more than ever before, the farmers are short of feed and will have to buy it. They have no money and naturally need to use any reserve security they might have either in the form of chattels or of crops. Laborers no longer work as they did 20 or 30 years ago, by the season, and wait for their money until fall, when they could, of course, file a labor lien for their protection. They now demand that their money be paid at least every month, if not every week, and the right to file a labor lien is limited to the laborer who performs the work and is not granted to the person who may lend the farmer money with which to pay his labor. In fact, there is getting to be less and less men hired by the season, and farmers now generally hire only temporary help by the day, who must be paid as the work is done. The same situation is true with reference to feed for his work stock, oil and fuel for tractors, etc.

The point I am making is simply this, that if the farmer has no security to offer during the season to take care of his farming expenses, the land bank itself will suffer, because the land will not be properly farmed and much of it may lie idle.

In this State we are suffering from almost complete crop failure in all but three or four counties. On my farms in Grand Forks County I have gone out and purchased thousands of bushels of grain for the feeding of our cattle, hogs, and sheep. I could not have done this if my income were limited to the income from the farms. Frankly, I do not see how the average farmer can possibly pay his taxes and his installments on his real-estate loans, to say nothing of his indebtedness to the intermediate credit bank or elsewhere upon his chattels. I am just as anxious as anyone that the Federal land bank be in a position to pay the interest on its bonds and continue to receive money, so that it may function for the best interests of agriculture. We are, however, confronted with a serious situation, and I feel that we must not forget what I have already stated in this letter, that in the long run the interests of the borrowers and the bank are mutual. I had personally intended to introduce legislation in the coming session of Congress for relief along the lines proposed by President Hoover. I am very glad that he has taken the initiative in that respect and I hope that we can work out something that will be practical. In the meantime I hope that no foreclosures will be started against farmers who are willing to do their best and who are anxious to continue with their farming operations. Naturally, I am not urging the cessation of foreclosures upon farms where the borrower has thrown up his hands and is either unable or unwilling to proceed further.

Trusting that these suggestions may be given your sympathetic consideration and if need be submitted to the Federal Farm Loan Board, I remain,

Very truly yours,

O. B. BURTNESS.

P. S.—I have taken the liberty of reading the foregoing to Mr. O. P. N. Anderson, president of the Starkweather Association, who dropped in for a visit, and he authorized me to say that my suggestions have his hearty approval, that he regards them as practical, and that he hopes you will give them careful consideration.

O. B. B.

Mr. Klawon, president of the bank, replied under date of October 30, 1931:

THE FEDERAL LAND BANK OF ST. PAUL,  
St. Paul, Minn., October 30, 1931.

Hon. O. B. BURTNESS,

Member of Congress, Grand Forks, N. Dak.

DEAR MR. BURTNESS: Your letter of October 16, inclosing letter sent you by Mr. J. J. Eriendson, of Hensel, N. Dak., came to my office during my absence from the city.

The suggestion made by Mr. Eriendson is entirely practical in those cases where the amount of the loan needed by a farmer to

refinance his present obligations is of such an amount that under present-day valuations the loan would be one that would come within the requirements of the Federal farm-loan system. We have in a great many instances during the past few years refinanced men who already had loans with this bank under such an arrangement and in these cases the loans have been handled just the same as applications for entirely new loans.

I know from the discussions that we have had with you and as you indicate in your present letter that you agree with us that under existing conditions unusual discrimination is necessary in the selection of first-mortgage farm loans and that necessarily current appraisal values must be upon a reasonably conservative basis. We endeavor in this connection to determine as nearly as we can what farm lands offered as security should be worth based upon the income that they might produce over a period of years in the hands of an average farmer, realizing that, with prices as low as they are to-day, under ordinary conditions a good farmer should be able to produce more income from his land than he was able to this last year.

There can be no question but what the long-term amortization repayment plan of Federal land-bank loans is the logical one for all farmers to use in financing their land holdings. I think that we are all agreed that there never has been a lot of money made over a period of years just from the operation of a farm and that in years gone by a good many of the large accumulations of profit that were apparent in the farming business were the result of increased market prices for farm land.

We are glad to have you say that you are in accord with our general collection policy and practice, and in this connection I wish to reiterate, what we have heretofore told you, that we want to give careful individual consideration to all of the circumstances surrounding each individual loan that we have upon our books. We endeavor to have our field men and association officers furnish us with detailed reports that will make it possible for us to give these cases this necessary consideration, and in those cases where it is apparent that the borrower is doing everything that he can and really wants to carry on and work out of his difficulties and his financial position, his method of operation and the attitude of his other creditors are such that it seems reasonably certain that he is going to be able to do this under ordinary conditions, we are granting reasonable indulgence. We are in practically all of these cases asking that the borrower give us a crop mortgage on crops that he expects to produce during the next growing season and in some cases, personal-property security as well.

It should be entirely fair that the income from land securing a first-mortgage loan should be used, first, to pay taxes and interest upon such loans in order that the farm may be preserved for the owner, not only as a home but for the purpose of producing the necessary income for him to meet all of his outstanding obligations. From this viewpoint it is just as essential to his other creditors that this be done as it is for this bank and the National Farm Loan Association, through which his loan was made. We endeavor to make this practice just as fair to the borrower as it is to the association and this bank. There are cases, of course, where, as you state in your letter, borrowers have given up or are hopelessly insolvent, and in such cases foreclosure is naturally the only logical procedure.

We recognize the fact that a great many farmers in North Dakota this year are finding it unusually difficult on account of crop conditions that existed during the past season, and in considering delinquencies that we have in that State, we are giving due regard to this condition.

President Hoover's suggestion for added capital for the Federal land banks is, I believe, a very sound one, and a plan, if carefully worked out and administered, that will be especially helpful in enlarging the activities of the Federal farm-loan system. It should have the effect of stabilizing the Federal land-bank-bond market upon a favorable interest basis, and if this is done, of course, the banks will be able to procure the necessary funds for making first-mortgage loans to farmers at reasonable rates of interest.

At the present time the interest and tax burdens of our farmers present the most difficult problems that they have to contend with, and anything that can be done to bring about a reduction in these items of cost to the farmer will not only be helpful to agriculture generally but to our country as a whole.

I appreciate your having written us as fully as you did in this case, and note that you discussed your letter with Mr. O. P. N. Anderson, president of the Starkweather National Farm Loan Association, with whom I had the pleasure of visiting at some length in my office a short time ago.

I hope that before you leave for Washington for the next session of Congress you will find it convenient to drop into the bank in order that we may discuss these vital questions with you further. If at any time you have any specific cases brought to your attention, I shall be glad to have you write me concerning them, and will be glad to have your further suggestions from time to time.

Thanking you, I am very truly yours,

F. H. Klawon, President.

Before the foregoing letter arrived many protests had come to me as to collection methods adopted by the bank. While agreeing with much of what Mr. Klawon stated in his letter, I could not agree with him in all his conclusions, so I wrote him again on November 2, 1931.



GRAND FORKS, N. DAK., November 2, 1931.

Mr. F. H. Klawon,

President Federal Land Bank, St. Paul, Minn.

DEAR MR. KLAWON: I appreciate your favor of October 30, which I have read with interest.

I am also in receipt of copy of letter written Mr. Torgerson, county auditor of Ward County, which has been forwarded from Washington.

While I am glad to note your assurances that the case of each borrower will be handled on its own merits and while I feel justified to believe that each individual case actually reviewed by yourself or other officers of the bank will receive fair treatment, I am not as confident as I was a few weeks ago that the borrowers will as a rule be treated with the leniency which seems vitally necessary at this time. In other words, I fear that your men in the field and your collection department are more interested in making a showing than they are in making it possible for the farmer to carry on, even though the latter should be of almost as great importance to the bank as to the borrower himself.

I agree that the income from land should be first used to pay taxes and interest upon the mortgage indebtedness and thus preserve the farm for the owner. It must, however, be borne in mind that most of the farmers have no credit and, therefore, must pay cash for items such as twine, threshing costs, repairs to machinery, etc. Fortunately most of them sell enough cream to take care of their grocery bills. Seed and feed, however, must be bought if the Federal land bank insists on a full accounting where the 1931 crop was mortgaged to secure past installments.

As intimated in a former letter, I shall personally be glad to give active support to the proposal to furnish added capital for the Federal land banks from the Treasury. In fact, I am willing to vote to furnish public money for the purpose of segregating land that has been foreclosed, as well as to carry unpaid installments.

Your letter is general and I am not attempting to raise any issue with any of the statements made by you with the exception of making some additional comment on the second paragraph thereof. You state that the refinancing of present obligations is practical in those cases where the sum unpaid "is of such an amount that under present-day valuations the loan would be one that would come within the requirements of the Federal farm-loan system." By implication you hold that if the unpaid amount is greater than would be approved as a new loan, the suggestion is not worthy of consideration.

I can not see it in that light. The land bank is in no different position from what a private individual or corporation would be in if confronted with a similar state of facts. The money is already invested in the land. Defaults have already accumulated to such an extent that with the small earnings of agriculture it does not seem possible that the borrower can catch up for years to come. Amortizing the defaults in a new loan would ordinarily reduce each installment slightly and would give the farmer a few more years in which to retire the entire debt. The land bank would be in no worse condition than it is to-day. In fact, putting the debt into a new form which would seem, and which would be, much easier for the farmer would inspire him with new hope and courage. Within a year or two it might make it possible for him to improve further his farm with fencing and other equipment so vitally necessary in the diversification program which must come throughout this country if our system of agriculture is to become a properly balanced one. Interest would be paid upon the amount in default, and unless our country goes to the damnation bow-wows entirely, the chances for retirement of the entire debt would be very good. If the bank should lose out by adopting that method, it seems certain that it would lose more by taking title to the land and holding it until a buyer can be found.

I hope these suggestions, together with what I stated in my letter of October 30, will receive your continued consideration.

I appreciate your invitation to visit you at the bank before returning to Washington. I shall try to arrange my affairs so as to see you when I go through St. Paul.

Very sincerely yours,

O. B. BURTNESS.

Mr. Klawon's reply of November 5, 1931 was more satisfactory, at least in assuring consideration for each case upon its merits.

THE FEDERAL LAND BANK OF ST. PAUL,  
St. Paul, Minn., November 5, 1931.

Hon. O. B. BURTNESS,

Member of Congress, Grand Forks, N. Dak.

DEAR MR. BURTNESS: This will acknowledge receipt of your letter of November 2 referring to our letter of October 30.

I presume that Mr. Torgerson, county auditor of Ward County, has sent you a copy of the resolution adopted by the Ward County board under date of October 30 following a conference which our Mr. Thwing had with them.

You may be assured, Mr. Burtness, that all delinquent loans receive careful study and consideration by the senior officers of this institution, who are members of our executive committee, before they are placed in foreclosure. Necessarily, before this is done, our collection department is asked to exhaust every possible effort in either making collections and placing the loan in good standing or obtaining full information regarding the borrower's circumstances in order that we may fairly determine whether or not we would be justified in deferring foreclosure. Under existing conditions, of course, there are a good many cases in which there may

be an honest difference of opinion as to the advisability of which is the proper course to pursue. It is only natural that we must be guided to a considerable degree by the bank's past experience in such cases.

In cases where we have a mortgage upon 1931 crops we have tried to cooperate with borrowers in providing for seed and feed for next year's operations. Of course, where some of this crop is going to be used to feed livestock that is to be marketed, and such livestock is mortgaged to some other creditor, we feel that the value of such feed should be released from the sale proceeds of such livestock and applied upon the indebtedness due this bank. This we believe is not only fair, but will ultimately benefit the other borrowers' creditors also. Where borrowers find it necessary to make Federal feed and seed loans we are, of course, willing to give consideration to the matter of signing the necessary waivers. We feel that in these cases we should have full information setting out the need for such feed and seed loans.

In connection with the refinancing of present mortgages for a sufficiently increased amount to take care of current delinquencies, the bank is, of course, limited under the provisions of the Federal farm loan act in the making of loans to loans that do not exceed 50 per cent of the appraised value of land mortgaged plus 20 per cent of the appraised value of the permanent insured improvements thereon. In making appraisals the value of land for agricultural purposes is the basis of appraisal and the earning power of said land must be a principal factor. In this respect, of course, the loaning activities of the Federal land bank must be carried on somewhat differently than those of a private individual or corporation. In a general way, of course, the majority of such cases as are meritorious can be worked out under our policy of permitting a temporary deferment of foreclosure and giving the borrower an opportunity to work out of his difficulties.

I am hopeful that you will find time to call at the bank, as you have indicated in your letter, on your way through St. Paul, so that I may have an opportunity of discussing this with you. The thought occurs to me that possibly you will be going through St. Paul either before or after business hours; and if this is the case and your time here is limited, I will appreciate having you wire me in advance in order that I may arrange to meet you.

Thanking you, I am, yours very truly.

F. H. KLAWON, President.

Without in any way casting aspersions upon any individual, I feel justified in including my letter of October 30, 1931, which comments upon the drastic collection policy pursued in September and October of this year, but which fortunately has now been much moderated. Names are omitted from the letter in this extension:

GRAND FORKS, N. DAK., October 30, 1931.

Hon. F. H. KLAWON,

President Federal Land Bank, St. Paul, Minn.

DEAR MR. KLAWON: I hesitate to write you again before receiving a reply to my letter of the 16th instant, but understand you have been in Washington, so I realize that you are more than busy.

I can not help but wonder whether you men in the bank realize the tremendous criticism that is being made, not only by your borrowers, but by people generally, including our most conservative business men, against the collection methods employed by the bank. Some indication thereof is shown in the resolutions that are now commencing to be passed in various counties of the State, but they amount to little or nothing as showing the intense feeling which exists.

I feel that I have been judicial in my viewpoint with reference to the bank; at least, I have tried to be. I have realized full well that its permanent operation of necessity depends upon the bank's ability to collect upon its mortgages and that it is vitally important to pay promptly, not only the interest but the principal, of the securities issued by the bank.

On the other hand, I am also interested in the welfare of the farmer-borrower. I do not believe that it will help these agricultural States to substitute another set of farmers for the ones who are already on the land and who are willing to do their best to carry on. I want to repeat what I stressed in my former letter that the interests of the borrowers and the bank are mutual.

Since writing you, Mr. ———, secretary-treasurer of the farm-loan association, operating around ——— in ——— County, brought in some files of correspondence which I have had the opportunity to examine. I want to say frankly that I am very much disappointed in the attitude taken by some of the men representing the bank as disclosed by such correspondence. This is particularly true of one ———, representing the collection department. I don't know Mr. ———. He is doubtless an able individual and probably a very fine fellow. I understand that he was employed by the bank on the theory that he is a good collector. If being unreasonable, unsympathetic, and hard-bolled constitutes ability as a collector, I believe he is entitled to the very highest possible rating. If the attitude assumed by him in the correspondence which I have examined is to become the policy of the land-bank system, I am convinced that no loaning agency which ever did business in this territory has ever found itself in such ill repute as the Federal land bank will be within a comparatively short time.

But so much for that. I picked at random three cases from Mr. ——— file, and I am going to take the liberty of referring to each of them, for I have tried to analyze them fairly. The comments I make are upon the assumption that the facts stated by



Mr. ——— in the letters to the bank are correct, for I have always found him absolutely truthful, and I consider his judgment good.

LOAN 14,499,

This land seems to be in good shape for next year's crop. The amount of the original loan has been cut down almost \$1,000. If he sells all his wheat, he will realize approximately \$55 above harvesting and threshing costs. A seed lien of \$100 is unpaid. The amount of oats and barley raised during the year is obviously insufficient for feed to working horses and other stock. No mention need be made of necessary living expenses. In spite of these facts the bank demands retirement of amortization installment of \$162.50, payment of the 1927 taxes, and a crop mortgage to cover, not only taxes and installments past due, but also the installments that will become due in 1932. That I regard such requirement unreasonable is putting the matter mildly, for no consideration seems to be given to the almost total crop failure existing there this year. The worst thing that could happen to ——— and his creditors, including the Federal land bank, would be for him to sell his feed grain and apply the small proceeds that would be realized therefrom upon the installments due your bank. It would cripple his farming operations so that a reasonable income can not be expected next year. Statements contained in the treasurer's letter of September 23 would indicate that the demand is greater than might otherwise be the case for the reason that ——— bank holds a subsequent lien upon the property. A similar thought prevails in other cases. I am personally astounded at these suggestions. Representatives of your bank in substance are demanding that the local bank supply the funds.

If Mr. ——— does so, he is not only a poorer business man than I think he is, but I would unhesitatingly say that he would be treating the creditors of the bank most unfairly. His first obligation is to his depositors, and I regard it unjust for representatives of the Federal land bank to make demands which, if met, would unquestionably result in the closing of more of our local banks in this State and thus add to the present distress, as well as to make more difficult the ultimate collection of the money due you. The proposal to include installments not yet due in the chattel mortgage security has also seemed to me unfair. I do not criticize a request for security upon installments or taxes which are past due. If those can be paid out of next year's crop, not only the borrower but the bank would be doing very well in getting the loan back in pretty good shape.

On the whole, it strikes me that this is a loan as to which earnest consideration should be given to the suggestion to re-write it on a new basis, including past-due installments in a new principal, thus amortizing it. The profit available in farming in one year can not possibly be sufficient to take care of several years' taxes and installments. Foreclosing the mortgage will not bring in funds with which to pay interest on the bonds but will add to the difficulties of your management.

LOAN 18,615-D,

In this case the methods which we expect to find in a cheap, irresponsible collection agency with no standing are employed, as shown by the 7-day notice in the letter of October 14. The first unpaid instalment matured December 27, 1930. Two years' taxes are unpaid. While a smaller proportion of the original loan has been retired than in the case immediately preceding, the land has been considerably improved since it was purchased and is in good shape for next year. The owner is conservative, not even owning a car. Wheat raised on the farm would probably not amount to \$100 after the threshing and twine bill is paid. The buildings secured with you naturally require protection against loss by fire, and the premium will amount to \$26. Your bank suggests that he pay up defaults amounting to \$381.54. How can he possibly obtain any such amount unless he goes out and steals it? Here, too, the bank is fully as much interested in retaining the feed on the farm as is the borrower. Any requirement that he pay more than one installment or the past-due taxes seems impossible of performance unless you expect the Adams bank to advance the money and thus prejudice the rights of its depositors. This would fully account for the proceeds of the wheat raised on the farm, but I presume he could locate seed wheat somewhere else.

LOAN 16,662-D,

Here again your competent and efficient collector suggests that the sale of the wheat, "together with the oats and barley," raised on this farm would retire the September 13, 1930, installment and make a substantial payment on the 1928 taxes. Possibly he has never seen a farm so that he may not know that the horses required to operate it next year will need considerably more than 200 bushels of oats and 200 bushels of barley if they are to do the work required in taking care of next year's crop. An arbitrary demand that feed in this amount be sold is positively asinine unless you want the farm to lie idle next year and take title at the earliest possible opportunity. With a farmer willing to carry on, would you not be in a much better position next year by accepting the proceeds that will be realized on the sale of the wheat and apply them either to past due installments or to taxes as you prefer, and thus insure that the land be properly farmed? The same comment as made in one of the former cases to a similar situation applies to the proposal that the crop mortgage next year include taxes and installments that aren't as yet due.

I concede that my ire has become aroused over these cases, which are simply typical of others that have been called to my attention, not only in the Adams Association but elsewhere as well. I am not attempting to run a bluff. I believe I am as ear-

nestly interested in the success of the land-bank system as any person employed in it. I am not taking the matter up with the board at Washington or anyone else. I do, however, want you to know that unless some sympathetic consideration is given to cases of this sort I intend to do so. In fact, I will go further. As soon as Congress convenes I shall ask for sufficient time to discuss the matter on the floor of the House and let the country judge the facts. I don't want to do this, and I hope it will be unnecessary.

Since my last letter I have discussed these questions with men who are conservative and in whose business judgment I have confidence. I have become more and more convinced that the best plan of all would be to renew many of the loans and thus amortize them on a new basis. This is often done in the case of building and loan associations and works out very well. Of course, I do not intend that this procedure should be adopted in all cases or in any case where there is no greater amount in default than what the borrower can reasonably be expected to retire in the event of a good crop. Indiscriminate foreclosures will dry up your income more surely than any other method that I can think of, to say nothing about the hardships that will accrue to the borrowers and their families.

Very respectfully yours,

O. B. BURTNESS.

It is a pleasure to report that I had an interview with Mr. Klawon, president of the St. Paul bank; Mr. Rask, one of its board of directors; and with Mr. Madison, a member of the Federal Land Bank Board at St. Paul, on my way to Washington. I left that interview well satisfied. I was convinced a more liberal treatment would be extended to needy borrowers in default.

Mr. Madison, Mr. Klawon, and others had spent several days in the field. It was refreshing to note a board member coming from Washington was sufficiently interested to do this. I found him sympathetic and practical. There is no question that the policy of the board here in Washington has been much moderated. This has permitted the officials of the local banks to use their discretion more wisely, something which I doubted they were permitted to do some months ago.

The system has been controlled too much from above. Local bank officials know more about the conditions in their territory than the board in Washington. I am hopeful that the recent liberalization will inure to the benefit of all concerned.

Instead of numerous complaints in the mail some weeks ago, I have recently received letters from local secretaries-treasurers and others indicating approval of settlements now being made. I, therefore, commend every official who has had any part in bringing this about.

This result is in harmony with the desire of the President of the United States who, I know, is anxious that no family be forced to leave its farm home under foreclosure of mortgage where the borrower does the best he can to carry on.

Mr. HARE. I congratulate the Committee on Banking and Currency in presenting this bill. I congratulate the administration upon its change of mind during the past 12 months; for, as the chairman of the committee has said, an effort was made last year to present a bill similar to this. I might go further and say that an effort was made two years ago, when I introduced a similar bill for the benefit of the farm mortgagors of this country. At that time we were unable to secure the indorsement and approval of the Secretary of the Treasury or the Federal Farm Loan Board, but we are glad there has been a change of mind on the part of the administration leaders. However, I am not misled in the belief that this bill is going to be of much value to the farmers, for it has been my observation that whenever Congress passes a law leaving its execution within the "discretion" of some governmental agency very little if anything is ever done. I have some apprehension about those charged with the responsibility of enforcing this law doing anything different from what they have done in the past. In other words, if the Farm Board, if the Secretary of the Treasury, has had the right and authority heretofore to extend the time of amortization installments or to extend the time for payment of farm mortgages, and they have refused to do it, how can we expect them to be more considerate in the future than they have in the past?

Some will say that the Federal land banks could not extend the time heretofore because it was necessary to have



money to pay the interest on the bonds. They say now, "We are going to appropriate \$100,000,000 for this purpose." I take the position that that authority exists and has existed all these years the Federal land bank system has been in operation. Section 32 of the original act not only gives authority to the Secretary of the Treasury, but he is directed to make loans to the directors of any Federal land bank upon request sufficient to pay the interest on outstanding bonds where the interest on the mortgages has not been paid. What more does this bill contain? Let me read section 32:

The Secretary of the Treasury is authorized, in his discretion, upon the request of the Federal Farm Loan Board, to make deposit for the temporary use of any Federal land bank out of any money in the Treasury not otherwise appropriated.

It provides further that—

The aggregate of all sums so deposited by the Secretary of the Treasury shall not exceed the sum of \$6,000,000.

Heretofore if the president of any Federal land bank found himself in a position where it was necessary to extend the amortization payment on mortgages held by that bank, and would ask the Secretary for money with which to pay the interest on those bonds, the Secretary, within his discretion, had a right to do it. Has he done it? No. Will he do it in the future? I say no. I judge a tree by its fruits, and I judge a man's actions in the future by those of the past.

Mr. LEAVITT. Will the gentleman yield?

Mr. HARE. I yield.

Mr. LEAVITT. Is there not a difference in the two authorities? As I understood the reading of this section of the existing law, there is authority there for the Secretary of the Treasury to make deposits in those banks. In the proposed act now under consideration the Secretary of the Treasury is to be authorized and directed to take out and pay for shares having an aggregate par value of so much.

Mr. HARE. I am glad the gentleman asked that question, because it raises the one suspicion I have about this bill. The \$100,000,000 authorized will be taken in stock, and it will be used largely in making the outstanding bonds more secure and will give but little consideration to those who may want to obtain loans, or in extending the time for payment of installments of those who have already obtained loans.

Mr. LEAVITT. But it is a different procedure.

[Here the gavel fell.]

Mr. HARE. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. HARE. There is this difference. The \$100,000,000 called for in this bill is nothing more in effect than that provided for in section 32 of the original act. In that act it says "Aggregate sums so deposited by the Secretary of the Treasury shall not exceed the sum of \$6,000,000." This \$6,000,000 may be used in paying the interest on outstanding bonds. The \$6,000,000 is simply the interest on \$100,000,000. So, if we take the \$100,000,000, and the most of it is used to increase the capital of the banks, it will be no more than that provided under the existing law to meet the interest on outstanding bonds issued by such banks.

You will understand I am going to support this bill, but the execution of it is left too much to the discretion of the Farm Loan Board to expect the farmers to get that consideration I feel they are entitled to. You will observe that the suspension of payments that may be due by farmers is wholly within the discretion of the directors, which means that it will be in the discretion of the Farm Loan Board and the Secretary of the Treasury; and when you leave it to those three to exercise separate discretions I see but very little help for the farmers of the country in this bill, but it is the only thing the committee has seen fit to bring us, and I am going to support it, hoping that those charged with the responsibility of executing the law will exercise that discretion in favor of agriculture.

Mr. LEAVITT. Will the gentleman yield for a further question on that same point?

Mr. HARE. Yes.

Mr. LEAVITT. As I understand the gentleman, he says that under the existing law they could deposit \$6,000,000. Under this act the Secretary of the Treasury is to be authorized to take out and pay for shares having an aggregate par value of \$100,000,000. In the one case the banks would have \$6,000,000 to use and in the other case they would have \$100,000,000 to use. There is at least that much difference, is there not, between the two bills?

Mr. HARE. They will have whatever amount is necessary to pay the outstanding bonds.

Mr. LEAVITT. The difference between \$6,000,000 and \$100,000,000 is very considerable in meeting the present situation.

Mr. HARE. That is right; but if the directors use the \$100,000,000 to increase their capital stock, and it is wholly within their discretion, where will the delinquent farmers get any help out of this bill?

In so far as the amount of money involved in the original act and the proposed law, there is a decided difference, but in so far as applying these funds to alleviate the distress among farmers who have borrowed money from the land banks there is but little or no difference, because the original act gives the Secretary of the Treasury, the Farm Loan Board, and the banks the right and authority, within their "discretion," to suspend payments of the amortization installments, and that is all this bill does in so far as assisting the borrower who may be unable to meet his installments.

The CHAIRMAN. The time of the gentleman from South Carolina has again expired.

Mr. ARENTZ. Mr. Chairman, I move to strike out the last two words.

On the passage of this bill, ladies and gentlemen, the Members of this House who have said they are going back home pleased to tell the farmers in their communities how much Congress has done for them, can go and tell their farmer constituents that under the provisions of this bill, if they make default to-day, their payment due to-day will be added to the interest and principal due a year hence, for both will then be due and payable unless the officials of the bank show them special consideration and split the defaulted payment into five equal payments at 8 per cent interest.

They can tell those farmers that next year they will pay the amount then due and on top of that they will pay either the full amount that they failed to pay this year, or one-fifth, or one-third, or one-fourth of it, in the discretion of the officials. Personally, I do not believe your farmers and mine want such a suspension as is contemplated in this bill. The load is lifted from their shoulders to-day and a double load placed on their backs next year. I am against such a performance. If we intend to help them in this bill, let us do so in a real tangible way, in a helpful way.

Most men who represent farmers in this House believe this bill will apply to all that is due next year, and in addition to that, possibly all that was due this year; and, if the ordinary farmer counts that a suspension, and if the ordinary Member of Congress figures that the farmers are being helped by this bill, I will say they are going to be mightily disappointed. This bill is a bankers' bill. This bill is to make the bonds worth 100 cents on the dollar. This bill is a sop to the American farmer in its present form, absolutely a sop, and nothing more.

If you want to help the farmers, protect them against foreclosure. And how can you do that? You can place at the end of the amortization period this defaulted payment. If the amortization period is 32 years and he has paid in 17, it will mean that at the end of 15 years more he will have to pay one more installment; the installment he failed to pay this year or next year, instead of doubling up both payments the next due date. Is anybody going to be hurt by that? Will not the bonds be protected equally as well as under this plan? I say they will.

We hear gentlemen on both sides talking about the suffering of the farmers now in the way of foreclosures, but



those gentlemen in many cases refer to the joint-stock land banks and not to the farmers who have mortgaged their farms under the legislation here under consideration, and under this bill they will get no relief whatsoever. We have got to bring in another bill, a bill having to do with joint-stock land banks, and if the bill that is brought in by the Banking and Currency Committee for the joint-stock land banks is no better than this bill, then a great many farmers will have to cool their heels outside the poorhouses in the United States within the next five years.

Mr. BLANTON. Will the gentleman yield?

Mr. ARENTZ. Yes.

Mr. BLANTON. This is all the President will give us. He will not sign anything else.

Mr. ARENTZ. How do we know what the President intends to do when an amended bill comes before him? I am here to legislate for the people. We are the legislators here, not rubber stamps. I will stand with any group of men who will offer to give the farmer something under this bill, regardless of whether the President wants it or not. The Members are saying that this is all we can get. Let some Member offer amendments and see how many will back him up. Do we have to let it go over to the Senate to have this bill put in proper shape? Often the Senate has its ear closer to the ground than Members of the House, yet in reality we too have soft hearts for those in distress and the folks back on the farms of America whom we are supposed to help to-day should receive our profoundest consideration. Let us fix up the bill here and now so the Senate will find it unnecessary to change a word.

Mr. Chairman, I ask unanimous consent to extend my remarks by inserting in the RECORD a letter from the Joint Stock Land Bank of San Francisco.

The CHAIRMAN. The gentleman from Nevada asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

(The letter referred to follows:)

PACIFIC COAST JOINT-STOCK LAND BANK OF SAN FRANCISCO,  
San Francisco, Calif., December 14, 1931.

HON. SAMUEL S. ARENTZ,  
House Office Building, Washington, D. C.

DEAR CONGRESSMAN ARENTZ: With the existing deplorable condition of agriculture throughout the country many bills looking toward an immediate improvement in this situation will undoubtedly be introduced when Congress convenes. As an investor in stocks of a number of joint-stock land banks, I am vitally interested in the future welfare of these institutions and all legislation affecting farm conditions generally. My experience in operating these banks has proven conclusively that many farmers who have devoted their lives to agriculture can not possibly hope to meet mortgage interest and taxes with existing prices for farm commodities. Since these prices are affected by world conditions, it is my judgment that we must reduce the interest and tax burden of the farmers and amortize the principal portion of their existing loans over a longer period of years if their present condition is to be improved.

My plan is to have the Government organize a Federal merger bank, take over all of the assets of all Federal and joint-stock land banks, and issue 50-year bonds guaranteed by the Government bearing interest at the rate of 3 per cent in exchange for all bonds now outstanding of either Federal or joint-stock land banks. This new merger bank can then rewrite all existing mortgages payable to Federal and joint-stock land banks on a 50-year amortization plan with a  $4\frac{1}{2}$  per cent interest rate. This will reduce the existing amortization payments from \$86.52 per \$1,000 per annum on present 20-year plan to \$51.92 per \$1,000 per annum on 50-year plan, thus saving to the farmer \$34.60 per \$1,000 per annum. This saving will pay all the taxes of the average farmer. It will also give a spread of  $1\frac{1}{2}$  per cent as an operating profit for a new bank and would be sufficient to create necessary reserves and afford a very satisfactory profit on capital investment.

Reports issued by the Farm Loan Board indicate that both Federal and joint-stock land banks are foreclosing on an increasingly large number of farmers each 3-month period. Many farmers, who have been successful in their respective localities for years, can not under existing conditions meet their amortization payments and are faced with almost certain foreclosure unless some relief is provided promptly. It is my opinion that a long-term amortization loan at a lower rate of interest will save the homes of many of these deserving farmers.

Foreclosed properties could be retained by the merger bank until improved commodity prices justified placing additional lands on the market and marginal lands could likewise be kept off production by leasing for grazing or reforestation purposes.

Short-term farm loans, now frozen in country banks throughout the United States, could likewise be refunded under this

50-year plan and new Government obligations issued to provide funds for such loans.

When bonds of Federal and joint-stock land banks were sold to the public they were sold as instrumentalities of the Government of the United States and as such millions of dollars worth were placed in the hands of widows and guardians of orphans throughout the land. It is these same widows and orphans who are to-day taking the losses on bonds that are of necessity sold at present depressed prices. If the merger-bank plan should be enacted into law the Government would be assuming an actual responsibility for the bonds, for which it now already has at least a strong moral obligation, and the holders of these bonds would be immediately assured of at least an ultimate return of their principal investment.

If the merger bank is put into effect new funds would become immediately available for loaning purposes throughout the country. Briefly such a bill—

Will afford constructive and beneficial relief to the farmer;

Will protect the unfortunate bondholders who purchased their bonds under a misapprehension and in many cases misrepresentation of the real facts;

Will save the stockholders who now stand to lose double the amount of their original investment;

Will enable the Government to come forth and assume the responsibility of its tax-exempt instrumentalities that made possible the present plight of the farmer, the bondholder, and the stockholder.

If my own experience or that of my organization can be utilized by yourself in any way in connection with the solution of the present farm problems, I want you to know that I am ready to cooperate with you in every possible manner.

Very sincerely yours,

A. O. STEWART, President.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, ladies and gentlemen of the committee, I rise principally to caution my side of the House as to this constant reiteration from the Republican side about "cooperation" and "nonpartisanship." I believe that history will record that the party on the other side of the aisle have only "cooperated" or talked about nonpartisanship when they were in the minority. [Applause.] If this bill is an example of "cooperation," then it is "in reverse," because this particular bill, when the other side was in the majority, could not be pried out of committee. Now, however, when the "only party fit to rule" is out of power it suggests we cooperate. In this particular instance we do not happen to need their cooperation in bringing out a distinctly Democratic measure which they smothered for a year.

Only the other day we voted \$120,000 for Federal employment agencies, based on a plan and a system identical with the Wagner bill which the President stuffed in his pocket and vetoed at the close of the last session. Oh, there has been quite a turnabout of events!

Let us at least be fair, sincere about cooperation, and nonpartisanship, if you really want any of it. If "cooperation" is necessary, you on the Republican side must cooperate. I am one of those from the great industrial East who have been pleased to vote for every farm-relief measure which has come before this House for many years. We voted for the McNary-Haugen bill and many other measures to relieve the farmer.

I rose to-day and asked the gentleman from Iowa [Mr. RAMSEYER], who was then talking about the low level of commodity prices, if he did not realize that the level of the purchasing power of the consumer had also fallen. For every farmer in this country there are thousands of consumers. The consumer does not want low prices. We realize that a return of prosperity must necessarily be accompanied by higher commodity prices. In the disastrous days of 1892 to 1896 prosperity returned only when the level of commodity prices had raised so that the producers could make a fair profit.

The consumer is perfectly willing to pay fair prices if his earnings will permit it. But the truth is that in 1929 the average mechanic was getting \$40 or \$50 a week when now millions are anxious to get some sort of employment even at \$2 a day. Through necessity alone he must be furnished with lower prices. If you will give back to the people their wage scale, they will willingly buy your commodities and pay a fair price, and a price that will mean a profit to everybody.



This bill provides relief with respect to mortgages on farms, and we of the cities are for that. Everyone who has spoken here to-day has called it a "farm-relief" measure. Nobody here has spoken to-day about the consumer. We have wept over the mortgage on the farm, but the people in the great industrial centers have to live in houses, too. They have to have homes, and for every mortgage being foreclosed on a farm I will wager there are four or five being foreclosed on the homes of the men who go out at 7 o'clock into a factory and come to their little homes at night.

This is a situation not to be overlooked. I understand part of the program of this Congress will include some measure of relief in this respect as to relief to owners of homes other than farmers, and I hope there will be just as enthusiastic support of such a measure as I am giving in support of this farm-relief measure. [Applause.]

I did not want the impression to be created, because of my colloquy with the gentleman from Iowa, that I was concerned only with the interests of the consumer. We have millions of people out of employment. We have hundreds of thousands of homes being foreclosed. We know the large centers of population have struggled for years to get the Republican Party to look at the Nation at large. As I have said before on this floor, they have for years catered to the rural Republican strongholds only—this when there were such places. There are few of them left now. [Laughter.] If the Republican Party could have acquired a national complex, our country would not be in the position it is to-day.

Let me give credit to the Democratic side of the House that you have been concerned, as you have evidenced in the relief bills of last year, about the interests of the people of the entire Nation. We from the East only ask that the Republican side of the House "cooperate" with the millions of wage earners of America. [Applause.]

Mr. WILLIAMSON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, this bill (H. R. 6172), of course, has two purposes. First, it is intended to give relief to the farmers who are in default by reason of inability to meet their installment payments; and, second, to bring the Federal land-bank bonds back to par. Everybody must recognize that when the bonds are selling below par the land banks can not continue to make loans or grant extensions, as the banks are not authorized to dispose of bonds below par. Such bonds have been below par for some time, with the result that the banks have found it impossible to carry out the purpose for which they were created. In order to make the bonds marketable at par, the interest rate would have to be increased to a point which would make the rate to farmer-borrowers prohibitive.

I think one of the fundamental errors in the bill is that section 4 does not go as far as it ought to go in extending relief to the American farmer.

It must not be forgotten that perhaps nine-tenths of those who need relief are farmers who have already carried their loans for anywhere from five to a dozen years, and who have met their installments every year. This means that their loans to-day are in very much better condition as to security than when originally made. I think relief should be granted at least to the extent of permitting the installment upon which an extension is asked to go over to the tail end of the loan period, and that the farmer should be required only to pay the interest thereon annually in connection with his annual installments upon the remaining deferred payments. If this were done, it would be real relief to the farmers. This will not jeopardize the loan in the least degree because, even if it were done, the loan would still remain smaller in amount than when it was made in the first instance.

The difficulty with the provision carried in section 4 is that the farmer will have to begin to make up the extended installment payment the year following the extension, when conditions may not be any better than they were when extension was made, and he may find himself in a position where it is utterly impossible to protect his farm, whereas

if the installments upon which an extension is asked could be extended to the end of the loan period and made a part of the principal for all practical purposes, so far as payment is concerned, with only interest upon the installment to be paid annually, then the farmer would secure relief that would be worth something to him.

This is all I care to say about this provision. I realize that no amendment I might offer or that may be offered by anyone else upon the floor will have any chance of going through unless sanctioned by members of the committee in charge of the bill, but I do hope the bill will be amended in line with my suggestion before it becomes law.

If I may now have the attention of the distinguished and able gentleman who has recently become chairman of the committee, I would like to ask him one question with reference to section 4 of the bill.

Section 4 allows the extension of payments for repayment by installments spread over a 5-year period. Do such extended payments carry the delinquent rate on the deferred installments or the rate provided for in the original mortgage?

Mr. STEAGALL. The regular rate provided for in the original mortgage.

Mr. JONES. Mr. Chairman and gentlemen of the House, I have taken the floor to ask information. I am not going to try to make a Saturday afternoon speech. What is the total aggregate amount of the delinquency in the farm loan system at the present time?

Mr. STEVENSON. The actual delinquency from one day to two years amounts to 22 per cent of the loans. The actual delinquency that are over 30 days' delinquency amount to 11 per cent.

Mr. JONES. I am not talking about percentages. I want to know the total aggregate amount in dollars.

Mr. STEVENSON. One billion one hundred and seventy-four million dollars is the amount of the loans.

Mr. JONES. Yes; but all those are not delinquent and are not due. Many of them run for a considerable period of years. I want to know the total amount necessary to expend to take care of all delinquents. I am informed that about \$84,000,000 represents the annual installments being paid at the present time, or rather half that amount twice per year.

Mr. STEVENSON. As I understand it, there are only about \$40,000,000 in semiannual installments.

Mr. PATTERSON. I had a letter from the Federal Farm Loan Board a few days ago saying that the total amount of the installments due annually is approximately \$84,000,000.

Mr. JONES. That is the total amount per year and there is a delinquency of about 22 per cent of that of the semi-annual payments?

Mr. STEVENSON. Yes.

Mr. JONES. Then there is about \$10,000,000 of delinquency.

Mr. STEVENSON. That is right.

Mr. JONES. And if the same percentage should become delinquent in the January payments that would not increase it more than \$5,000,000?

Mr. STEVENSON. That is a matter of arithmetic.

Mr. JONES. If we are going to appropriate \$100,000,000 for these banks, and all of us have the main purpose of taking care of the present foreclosures on these home owners, does not the gentleman think that we could allocate, say, 20 per cent of the moneys that we are advancing to these banks, and say to them, "You shall extend these payments"? [Applause.] It seems to me that if we are going to take \$100,000,000 out of the Treasury and advance it to these banks, we could make this general provision that covers past-due installments, and make them cover the January 1 installments, because it will probably be that time before this act becomes effective, and direct each official of the farm-loan bank to extend these installments—in other words, use one-fifth of the fund to either put these delinquencies over to the end of the other installments or spread them over five years, to save these American homes from foreclosure.



I do not believe much in this character of legislation generally, but this is an extraordinary emergency. Of course, this is a temporary matter. Our troubles lie deeper than this. Ultimately the purchasing power of agriculture must be restored if the Nation is to prosper. In other words, the discriminations against agriculture must be removed.

Mr. STRONG of Kansas. How would the banks pay the interest on the bonds, if they do not collect interest from the farmers?

Mr. JONES. It seems to me that if they are advanced \$80,000,000, and still can not pay the interest on the bonds, they are in pretty bad shape.

Mr. STRONG of Kansas. This is going to be capital stock.

Mr. JONES. I understand, but it is going to be fresh money and should certainly assist them in handling their affairs. Otherwise why appropriate it? Besides, I am endeavoring to use a portion of these funds for such installments.

Mr. LAGUARDIA. Following the suggestion of the gentleman from Kansas, how can you use your capital stock to pay past interest?

Mr. JONES. I am advocating that a portion of the fund be allocated to these payments and the balance of it used as capital stock. I believe the best way is the plan which several others, including myself, introduced to authorize an independent appropriation through another department to take up these installments and place them behind these loans, thus letting the Federal land banks get their money and the farmers save their homes.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. LANKFORD of Georgia. If \$20,000,000 is loaned by the system for the farmers to use in paying the interest back to the system, why would not the system get the \$20,000,000 to use in the payment of interest on bonds?

Mr. JONES. This will be paid back, and all these sums will be paid back, if the system succeeds as I think it will.

Mr. PARSONS. Has it been brought out here how many million dollars worth of farm lands have been foreclosed on and are now in the hands of the Government or under process of liquidation?

Mr. JONES. I will refer that question to some member of the committee. I would rather the gentleman asked some member of the committee.

Mr. PARSONS. I wanted the gentleman to ask that inasmuch as he was already getting information.

Mr. JONES. I would be glad if any member of the committee would furnish that information. Undoubtedly, there have been foreclosures.

I would like to have this further information. That is the only reason I asked for an extension of my time. I would like to ask if this amendment which you have placed on the bill providing for extensions, in the discretion of the banks, was submitted to the members of the Farm Board, and did they show a sympathetic attitude toward the administration of it?

Mr. STEAGALL. I may say that various provisions which have tended to accomplish what we seek to accomplish by section 4 of this bill were under consideration at various times in the committee and members of the Farm Loan Board discussed that last year in connection with a bill that I introduced at that time. And they discussed it again in connection with the bill before the House at this time. But, to answer the gentleman specifically, the Federal Farm Loan Board does not want any additional provisions in the Federal farm loan act dealing with the matter of foreclosures.

Mr. JONES. That is what I suspected. Will they sympathetically administer the proposal if we put it in there, making it purely discretionary?

Mr. STEAGALL. The gentleman has as much knowledge about that as I have. They say they have been administering it sympathetically all the time. I can hardly agree to that. I wish to be moderate in my language, but I have not thought that they did.

Mr. JONES. I appreciate the fine work which the gentleman and the members of the committee have done. They have a delicate situation to handle. I appreciate also the difficulties of the board. But the farmer, too, is having his difficulties.

[Here the gavel fell.]

Mr. SUMMERS of Washington. Mr. Chairman, ladies, and gentlemen, this bill to liberalize the Federal land bank law is a valuable piece of legislation. I want to commend the chairman and members of the committee for bringing it before us at this time. However, it does not wholly meet the situation.

There will be an amendment offered later, and I want now to invite your attention to that amendment. What does section 4, as it appears in the bill, propose to do? It proposes to relieve the farmer of payment for one year, but it also says that next year the farmer must make his regular payment and 20 per cent more; that is, 20 per cent of the delayed payment in addition to the regular annual payment then due.

Mr. STEVENSON. Will the gentleman yield?

Mr. SUMMERS of Washington. I yield.

Mr. STEVENSON. It does not say that they shall not extend his payment if he is unable to pay it next year. It does not say that they shall not extend that. They have the same power. It is a permanent provision which gives them power to extend any payment at any time where the conditions justify it.

Mr. SUMMERS of Washington. But I think in practical effect it will mean what I have said. We all know, with the present outlook of agriculture, that this bill will not provide the necessary relief. While we are trying to meet a serious situation we ought to meet it in a more effectual way than we are doing under section 4.

#### THE REAL CONDITIONS

What is the situation? There are hundreds of thousands of farmers that this bill will affect who are questioning at this joyous Christmas time whether they will be able to make their payments or whether they will lose their homes. It will also affect investors in these bonds. Is it better that we help the man who owns the farm, who has an interest in the farm, who has been there perhaps 15 or 25 years? Is it better to leave him on the farm, understanding the land as he does and knowing how to manage it to best advantage, there to work out his salvation and make the payments to the Federal land bank, or is it better to foreclose and force that man and his family out among the unemployed and put some one else, who knows nothing about that particular farm, on the land? That is the practical question that we face to-day. So when the amendment is offered later to section 4 by the gentleman from Nevada [Mr. ARENTZ] I hope you Members from East and West will give it very, very careful consideration. I appreciate that the interest on these bonds must be paid. I am interested in the entire system. I am interested in the farmer, in the man who puts his money in the bonds, and in the perpetuity of the land-bank system.

I believe every man should pay his honest debts. But I also believe the honest old farmer should have a chance to get his breath and save his home.

Section 4 now reads:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period.

That will help some. However, there is a better way of working out the problem. One that will be more advantageous to the farmer and will not injure the holder of the land-bank bonds and will not suspend public works of any kind. The Arentz amendment, which I am advocating, would transfer the amount due this year to the end of the obligation and thus give the real relief the farmer needs.

Even on the foreign moratorium, which you gentlemen voted yesterday, you gave 10 years, without question. Here



you are giving at most five years and perhaps less, with a question always hanging over the farmer as to whether he has the full five years or whether he may have to pay before five years. Certainly we can not do less for our own people to-day than you did for the people of foreign nations yesterday.

I did not vote for the moratorium. I coupled with my sanction of it last summer the distinct and definite provision that a limitation of armaments should go along with it. No reductions in armaments have been made. I kept faith with the President, with myself, and with my constituents in voting against it. But you who did vote for it voted to give foreign peoples the distribution of this year's debt over 10 years unquestionably. Here you are giving our own farmer at most five years, and we find a broadax hanging over his neck at all times. There is a better way to solve this problem. I want you to think seriously when the amendment is offered and I want you to give it the favorable action to which in your hearts you know it is entitled.

If we can not secure the adoption of this amendment in the House, then I shall hope to secure its adoption in the Senate.

The homes of thousands of hard-working farmers are in jeopardy. Many in their declining years are losing the farms on which they have lived and reared their families. Let us amend this bill and make it a real farm relief measure. Now that we are providing for the holders of these bonds, let us also lift the farmers' burden at least for one year from those who need it.

Mr. DYER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DYER. Is a motion to close debate in order at this time?

The CHAIRMAN. It is.

Mr. DYER. Of course, I will not offer such a motion.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto shall close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS. Mr. Chairman, ladies and gentlemen of the committee, apparently I am in the attitude of many other Members. I shall vote for this bill if I do not get an opportunity to vote for a better bill. I am not satisfied with this bill by any means. However, I shall vote for it under the hope that it holds out some promise of relief to the farmers in their distress.

I want to observe that it comes in poor grace, as it seems to me, for Members on the Republican side to criticize this bill because it is not liberal enough to the farmers, in view of the fact that when they were in power they refused to give consideration to any measure along this line. [Applause.] During the last Congress many of us advocated a measure designed to grant an extension to the farmers holding loans in the Federal land banks.

Mr. STEVENSON. Will the gentleman yield?

Mr. DAVIS. Yes.

Mr. STEVENSON. I want to give the gentleman the information he asked me about a while ago which I did not have at the time, and that was the amount of real estate which had been foreclosed upon and was now owned by the banks. Twenty-eight million two hundred and seventy-four thousand six hundred and one dollars is the amount of real estate that has been foreclosed upon, on mortgage loans of \$1,177,521,000.

Mr. DAVIS. I am glad to get that information. I wish to further observe that if a measure even of this character had been enacted during the last Congress when many of us, including the present chairman of the Banking and Currency Committee, advocated such a measure, it would have rendered infinitely more relief than it can render now, because since that time farms throughout the country have been foreclosed upon. In my section the Federal land banks

have been more relentless than have the private companies holding mortgages on farms. They have sold farm after farm, the best farms in the country and owned by some of the best people, after they had gone through the worst drought in history and after they had gone through more than a year of the worst financial depression in history. So they would have certainly been better off and those who are still hanging on would have been relieved to a very much greater extent a year ago than they will now, when they are, in most instances, in such shape that the very small relief afforded in this measure will not save a vast number of them, even if this bill is generously and sympathetically administered. In view of the attitude of the board in the past, I want to say that I have but little hope that they will in the future manifest anything like a sympathetic attitude.

I know that there are on the Banking and Currency Committee some genuine friends of the farmers, and I regret that they yielded their opinion in a spirit of compromise. I wish they had brought upon this floor a measure that would afford real relief and let the Members in this House and at the other end of the Capitol who want to do so vote against it and let the President veto it if he wants to do so. [Applause.] I believe there are enough Members in the Congress who are really sympathetic with the distressful condition of agriculture who would vote to pass a real farm relief measure over a presidential veto when they have shown such a generous attitude toward everybody else in the world, both here and abroad. Congress has just passed a resolution authorizing the postponement of \$252,000,000 payable to the United States from foreign governments in the form of interest on loans extended to them and authorizing the repayment over a 10-year period, beginning July 1, 1933. I voted against this bill, as I think it is high time for the United States to quit playing Santa Claus to foreign nations and to do more for the relief of our own citizens. However, the moratorium resolution passed both branches of Congress by an overwhelming majority. It is difficult to conceive that these same Members would refuse to pass a bill over a presidential veto, which is sufficiently specific to insure an extension for at least a year of farm loans made through the Federal land banks in order to prevent the foreclosure of such loans, in view of the deplorable and distressful condition of those engaged in agriculture.

We Members should do our duty by passing a bill that will really be effective. The pending bill merely authorizes a brief and partial extension of loans. In view of the fact that the Federal Farm Loan Board insists, as I am advised, that they have been showing a lenient attitude, and in view of the expressed attitude of the officials of the Federal land banks, I very much fear that the bill in its present form will provide but little, if any, relief.

In my opinion, this bill should be so amended as to direct the Federal land banks to extend loans where it appears that the borrowers are unable to pay. Some of my colleagues have prepared amendments along this line, which I shall cheerfully support.

Furthermore, this bill should also be amended so as to provide for an extension of such loans for a period of one year beyond the date of the last regular installment payable under such mortgage, and I have prepared and shall offer an amendment to that effect. This would give the borrower a year's breathing spell. The bill in its present form only authorizes the extension of an installment or installments, in whole or in part, to be paid in equal amounts during a period of five years or less thereafter.

The Prime Minister of the government of Ontario has demonstrated that where there is a will there is a way to help the people in distress. The Prime Minister has directed the provincial agricultural development board not to foreclose on farm mortgages under any circumstances. He also urged all private mortgage companies to take similar action and has warned them that if they fail to do so he would ask for the necessary legislation to enforce such action.

The President has made recommendations designed to relieve the banks, the railroads, and other industries in their distress. Let us do simple justice to those engaged in agri-



culture. It would be doing but little to pass a bill that would really insure a year's moratorium upon farm loans in the Federal land banks.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, the banks have taken over so many farms by foreclosure that they are now advertising them for sale by printed advertisements. I ask permission to attach to my remarks a copy of one of those advertisements offering foreclosed farms for sale.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

#### ADVERTISEMENT OF FEDERAL LAND BANKS

Form 903 11-31 20M

#### BUY NOW

The Federal Land Bank of Houston and several of the national farm loan associations have on hand a number of farms in various parts of Texas for sale at attractive prices and terms. These farms have been acquired because some borrowers could not pay and a change of ownership was necessary to protect the interests of the bank and the association.

We are now selling an average of one farm every other day, and more inquiries from prospective buyers are reaching the bank each day.

There is every reason to believe that land prices have now reached the bottom. This is a good time for the careful investor to buy farms.

If you want to purchase additional farm land, answer the questions on the reverse side and return to us. If you have a son or daughter whom you want to assist in purchasing a farm home, fill out and return the questionnaire. If you have a neighbor, friend, or relative whom you think will buy, fill out the questionnaire and return. We will give it careful attention and forward full information.

We thank you in advance for this cooperation.

#### DID YOU EVER STOP TO THINK

that the farmer who has conserved soil and water by terracing his farm and has practiced crop rotation and has milk cows, pigs, poultry, garden, and orchard, makes his payments promptly and is seldom in financial distress?

If you have not terraced, why not start your farm prosperity program by terracing your farm now?

#### THE FEDERAL LAND BANK OF HOUSTON.

Mr. BLANTON. In the last session of this Congress numerous Members, including myself, had resolutions and bills before this same committee to grant some relief to farmers, especially in areas where there had been three successive drought failures. We could get no relief whatever. When we first presented that matter to the Banking and Currency Committee every member of the committee was sympathetic toward such legislation until the administration sent its emissaries there and cooked the goose of that legislation, stopped it, and nothing was done.

I am in favor of adopting the amendment suggested by my colleague from Texas [Mr. JONES], which will require and making it mandatory that at least \$25,000,000 of this money shall be used to grant relief to farmers whose farms are being foreclosed. I had in my resolution last year, and I have in my present resolution before this committee, a provision to redeem farms that have already been foreclosed, farms that have been taken away from the farmers, in some instances because of the nonpayment of amounts which did not represent over one-tenth or one-fifteenth of the actual value of the farm. Under such conditions those farms have been taken away from the farmers and sold under foreclosure proceedings. We ought to make some provision for the redemption of those farms.

Mr. Chairman, in connection with my remarks I ask unanimous consent to insert a copy of the resolution I have introduced and which is now pending before this committee.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, I do not want to take up any more time, but I do hope there will be a mandatory

amendment placed on this bill and I shall support it. The copy of my resolution (H. J. Res. 79), which on December 8, 1931, I introduced in the House, and which was ordered printed and referred to the Committee on Banking and Currency, is as follows:

Joint resolution authorizing and directing Federal land banks to suspend and withhold foreclosure of mortgages until December 31, 1932, where farmers are unable to make payment of interest or principal due, and to provide for redemption of any such lands foreclosed since April 1, 1930

Whereas it was the intent and purpose of Congress when passing the Federal farm loan act in July, 1916, to aid and protect farmers in times of distress and not to ruin and rob them of their farms; and

Whereas when creating Federal land banks Congress provided that if the initial \$750,000 capital required for every Federal land bank was not subscribed within 30 days the Secretary of the Treasury should subscribe for it on behalf of the United States; that all salaries and expenses of the Federal Farm Loan Board supervising such banks be paid annually by the Government; that such banks be national depositories; that the capital, reserve, surplus, and income of every Federal land bank be exempt from all taxes, Federal, State, municipal, and local; that the mortgages and bonds of said banks shall be deemed and held to be instrumentalities of the Government of the United States; that the bonds of said banks shall be a lawful investment for all fiduciary and trust funds, and may be accepted as security for all public deposits; and other subsidies were extended to said Federal land banks by the Government to enable them to grant special aid and protection to distressed farmers; and

Whereas certain portions of the agricultural sections of the United States have been afflicted with prolonged and continued droughts, and with unprecedented low prices for farm products, making it impossible for certain farmers who are borrowers from the Federal land banks to meet the interest and other maturities on their loans; and

Whereas the Federal land banks have harshly adopted the policy of granting no extensions regardless of circumstances, and illustrative of such policy the Federal Land Bank of Houston, Tex., one of the 12 such banks authorized and created by Congress, in its booklet distributed to its 56,767 farmers who have borrowed \$151,600,000, entitled "Why the Federal Land Bank Can Grant No Extensions," has cold-bloodedly announced:

"All borrowers should understand that it is a waste of time to ask for extensions. If one can not pay, then he should sell his farm to one who can and will"; and asserting further in such booklet that the Federal land bank is not a Government institution, and that this bank at Houston had then already foreclosed 124 farms, and that its associations had then already foreclosed 320 other farms in Texas; and

Whereas said Houston bank in August, 1930, notified Effie May Wilson, of Rotan, Tex., a poor woman with an invalid husband, who had suffered three successive crop failures, that unless her interest payment of \$68 was paid immediately with 8 per cent penalty interest foreclosure of her farm would ensue, thus forcing her to sacrifice her work stock, family milch cows, and laying hens at one-third their value; and said bank notified Mrs. O. A. Roberson, a poor widow of Caps, Tex., that she must pay her \$101 interest at once, "even though it becomes necessary that you sell your place to get the money," or her 121-acre farm would be foreclosed, and her work stock and milch cows were already mortgaged to a local bank for supplies, and she was thus threatened with the loss of her farm, worth over twice the amount of the mortgage against it, but which could not be sold because of said general depression; and that when these specific cases were brought to the attention of said bank, President Gossett replied that it was his intention to foreclose against the 11,666 farms in the drought area of Texas if interest payments were not made promptly; and

Whereas Congress alone can stop this wholesale foreclosure of farms, and without appropriate action these distressed farmers and their wives and little hungry children will be turned out into the cold and lose their homes: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That until December 31, 1932, all Federal land banks are directed (1) to withhold and suspend suits on and foreclosure of any mortgage securing a loan made by such bank on farm lands situated in the drought area of the United States, or in territory devastated by hail, floods, or tornado, where the borrower is financially unable to make the payments due; and (2) to extend the time for the payment of any such indebtedness to become due during 1931 and 1932 until December 31, 1932.

Sec. 2. The Secretary of the Treasury is directed to advance to any such bank, out of any money in the Treasury not otherwise appropriated, or that Congress may appropriate, a sum sufficient to cover the amount of the interest payable by such bank during the period mentioned in section 1 hereof, on any Federal farm-loan bond issued by it to the extent of maturities thus extended. The sums so advanced shall be used exclusively for the purpose of making such interest payments, and the Federal land bank receiving any such advance shall repay the same to the United States without interest in such manner and under such terms and conditions as the Secretary of the Treasury and the Federal Farm Loan Board, acting jointly, shall prescribe.



Sec. 3. Any Federal land bank which has acquired, during a period of 18 months preceding the date of approval of this act, the land of any borrower from such bank upon foreclosure of a mortgage securing a loan made by the bank to such borrower is directed, if the bank still holds title to such land, to permit such borrower to redeem his interest in the land so acquired by the bank. Such redemption shall be permitted upon the payment by December 31, 1932, of all installments due under the terms of such mortgage to the time of such redemption. In the event of any such redemption the mortgage shall be revived and continued as security for all subsequent installments payable under the terms of the mortgage.

The Clerk read as follows:

Sec. 2. Section 23 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 901, 902), is amended by adding at the end thereof a new paragraph, as follows:

"Effective beginning with the first full semiannual period ending June 30 or December 31, following the enactment of this paragraph, every Federal land bank shall carry to reserve account semiannually a sum not less than 50 per cent of its net earnings until said reserve account shall show a credit balance equal to the outstanding capital stock of said land bank. After said reserve shows a credit balance equal to the outstanding capital stock, 10 per cent of the net earnings shall be added thereto semiannually. Whenever said reserve shall have been impaired it shall be fully restored before any dividends are paid. No Federal land bank shall declare or pay a dividend or dividends to shareholders unless approved by the Federal Farm Loan Board. Stock owned by the Government of the United States in Federal land banks shall receive no dividends. In the case of Federal land banks, the requirements of this paragraph shall be in lieu of the requirements of the first three sentences of this section and of the requirements as to percentages of reserves stated in the second paragraph of this section. This paragraph shall not be applicable to joint-stock land banks."

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word.

I do not desire to be critical in any way or to spoil this party of mutual admiration, but permit me to say, in all kindness, if the committee really wanted to render real service to the farmer it could have brought out a bill that would have been of some direct benefit to the farmers.

Just look at this bill, gentlemen. The Government will furnish money without interest to do what? To give to the bank for their stock, so that the banks can take up outstanding bonds. Well, in the name of the farmer, if the Government is going to furnish money without interest to benefit bondholders, why not lend it direct to the farmer? [Applause.] It does not seem to me to be a very involved question or very difficult to see that. Now, what is the situation? Section 4 of the bill provides for extension of time for interest and installment payments, and as soon as section 4 goes into effect the Government money goes out to the banks so that they may retire bonds, and then the farm-loan banks will be in a position where they will not be able to find money for new bonds. The present bondholders will cash in under the generous provisions of this bill for their benefit and the farmer will be little better off than he is now. So, really, as I see it, the only ones who will benefit directly by this measure will be the holders of the present outstanding bonds, and I do not believe that many farmers own these bonds. I venture that many speculators are just watching this legislation to buy up the bonds at their present low rate and dump them back on the banks now bolstered with \$100,000,000 to take care of bonds.

With respect to section 4, where you provide for an extension of time and give the directors authority to extend the time, I believe they have that right now by mutual consent. Surely the borrower wants the time, and if the lender is willing to give him the time, I do not believe the mild provision in the law as expressed helps the farmer very much.

I would make section 4 more elastic, with more clear and direct aid to the farmer. I would give the borrower greater rights in the matter. I understand several amendments have already been prepared and will be offered by gentlemen having the interest of the farmer in mind.

At first blush, as the title of the bill and the \$100,000,000 authorization is read, one might easily get the impression that something real, big, generous, and beneficial is being legislated for the farmer in distress, but I seriously doubt that the farmer will get much out of all of this talk and this particular bill.

Mr. SANDLIN. If the gentleman will permit, I am afraid the gentleman is exactly right.

Mr. LAGUARDIA. I know I am right. There is no doubt about it.

If the poor farmer ever had a thousand-dollar bond of any farm loan bank, I venture to say that the bond has long since been sold or put up as collateral for a loan.

Gentlemen, you are not granting much relief to the farmer if you force more loans on him. The only way to grant him permanent relief is to give him money to replace existing loans at a lower rate of interest than he is now paying. Give the farmer a chance to get out of debt. If the Government can give \$100,000,000 without interest to take care of the banks and their bonds, let us instead appropriate \$100,000,000 to lend direct to the farmers. And this comes from a city man. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I rise in opposition to the pro forma amendment.

I do not want to throw a discordant note into this discussion, but I believe it is about time that we take stock and ascertain where we are headed.

In this country practically all the sources of credit have been frozen up except the Federal Government, and we are in process of freezing up the Federal Government. It is pretty difficult for an American to appreciate the fact that if we continue as we are going, one of these days we are going to wake up and find the bonds of the Federal Government considerably depreciated.

The other day we relieved some of our creditors who put money, ordinarily, into the Federal Treasury from the necessity of doing it. I refer to the moratorium. In this connection I do not criticize the act. To-day we propose to take some more money out of the Federal Treasury, and it seems a public necessity. Thus we go on with revenue reducing and appropriations increasing. It is time we began to have in mind what is going to happen if we continue to do this.

Farms have depreciated in this country probably 50 per cent. These bonds have depreciated 25 per cent, and all other bonds have depreciated. The plan seems to be to have the Federal Government take over all frozen assets. We are pouring water in the top of the pipe frozen up at the bottom.

As I stated a moment ago, I do not want to throw a monkey wrench into this machinery or to try to do it. I could not do it, anyway. In some shape we all know this bill is going to pass this afternoon. What I want to express is this one thought, gentlemen: Republicans and Democrats alike, we have got to put it out on the table and examine it. We have entirely exaggerated the efficacy of credit in America. You do not pay a debt by borrowing more money. We have these enormous public and private debts in this country. The big proposition is how we can pay them with the present commodity values. It can not be done. These commodity values have got to go up. The debts have got to be decreased proportionately or we are headed for a smash. There is not a bit of use of anybody who has got any sense failing to recognize that one of these three things confronts us, and we are not going to solve this problem by borrowing some more money or lending somebody some more money. Debts can not be paid by increasing debts. [Applause.]

We have got to tackle the proposition of getting these commodity values up. If we can not do that, then we have got to try to scale these debts down, and if we can not do that we might just as well get in condition for the inevitable.

This is not a panic, it is not a depression; it is a paralysis of the economic circulatory system of this country. It began with the paralysis of the buying power of the producers of exportable agricultural surpluses. They cultivate eighty-odd per cent of our agricultural acreage. This is a historical fact.

It is not possible for so important a part of our industries to be unable to buy, especially a basic industry, and avoid that paralysis extending on and on into other parts of the economic body. At this time I am not going to discuss the failure of the last Congress intelligently to deal



with this situation. The necessity for this legislation grows out of that failure. We must treat this disease at the place where the disease begins, and not hypo the situation by borrowing more money, loaning more money to people already in debt.

I am not saying anything in reference to this bill. The bill is going to pass and everybody knows it. What I want to impress upon you, my fellow legislators in the House of Representatives, is that we have got a real job before us. One may bridge over a crisis, but let us not deceive ourselves. We can not solve our problems by loaning somebody some more money. The more money you loan the more interest you will have to pay, and the worse broke you will be when the crash comes. There is no use for anybody getting nervous. This is a real job of the first magnitude.

We have got to put our heads together, Democrats and Republicans alike. Credit in its proper place is all right, but let us not deceive ourselves. It is not a panacea. The ability of the Federal Government to make larger and larger loans and larger and larger appropriations out of constantly decreasing revenue is a thing which has its limits. The Federal Treasury is the last reserve. It is the last line of defense.

Democrats and Republicans, we have got to go deeper and think more constructively than how to get money from the Federal Treasury. It has its limits. Credit and more and more credit is the soothing potion which may lull us at a time when we ought to be wide awake to the real challenge involved in our circumstances, and meeting that challenge as only clear-thinking, comprehending, resolute people can do, making whatever sacrifice and paying whatever price is necessary. [Applause.]

[Here the gavel fell.]

Mr. SWING. Mr. Chairman, I move to strike out the last word. Mr. Chairman and Members of the House, I would agree with a good deal the distinguished gentleman from Texas [Mr. SUMNERS] has said if we could agree that conditions to-day were normal. If they were, liquidation down to what I consider subnormal would be necessary. But I am not willing to agree that present conditions must go on or that we are to remain down to present levels. I think this bill comes at an opportune time to help out the temporary agricultural depression.

I wish the language of section 4 was more direct and specific so as to declare more directly the policy of Congress in the passing of this legislation and that the generous purpose of giving \$100,000,000 was primarily prompted by a desire to aid the farmers.

I can not agree with the gentlemen from Maine and Massachusetts who spoke of fear of section 4. I myself would like to have it go further. I hope the Federal Farm Board and the directors of the farm banks will read this debate that has taken place here on this bill and will see that only 2 Members have spoken against section 4, while about 15 have referred to it favorably. That, I think, represents the fair sentiment of the Members of the House.

The solvency of the farmers is the necessary and only basis for maintaining the value of the bonds of these farm banks. Wholesale foreclosures with the resultant bankruptcy of the mortgagors and the land being turned over to the banks or other persons who can not handle it in any better way than the original owner will not benefit the bonds or help the bondholders. It is my hope that this generous act on the part of Congress will be recognized by the Federal Farm Loan Board and the directors of the bank as being intended primarily for the benefit of the farmers and that section 4 expresses the wish of Congress as a guiding yardstick for the directors to follow in their dealings with the farmers during the present depression.

Mr. LANKFORD of Georgia. Mr. Chairman, ladies and gentlemen of the committee, I wish to thank the Committee on Banking and Currency for bringing this bill up for consideration at this time. I wish the bill went further along the line of legislation to stop the orgy of loan foreclosures that is now taking place under this system. I realize that the bill as brought here gives the system and the officials

of the system the power to stop the foreclosures that are now taking place, but I understand from the committee and from members of the Federal Farm Loan Board that they are not in sympathy with the provision to decrease the number of foreclosures as contained in the bill, all of which must mean only one thing. If they are not in sympathy with the provision, they will not carry the provision into effect when it is left to their discretion. Yesterday, when I found that this bill was coming up for consideration to-day, I went to the Federal Farm Loan Board in Washington, and after a conference with the Farm Loan commissioner, Mr. Bestor, I came away from there convinced that the Federal Farm Loan Board in Washington is not at all in sympathy with section 4. I held a long conference with him. I did my best to get him to say something which I could construe into a promise on his part, so far as possible, to stop the foreclosures which are now taking place, but I failed. I came back to my office and sent a telegram to the Federal farm-loan banks at Columbia, S. C., New Orleans, La., and at Houston, Tex., and asked them the specific question as to what would be the policy of those banks in reference to the loan foreclosures now taking place. I received a reply from Columbia and a reply from the bank at Houston, Tex. Both of those replies absolutely ignored my question as to what would be the future policy and only claimed that in the past they have exercised discretion in these loan foreclosures, saying that in the future they would exercise the same discretion.

Mr. RUTHERFORD. Does the gentleman not think this law should direct them what to do and not leave it to their discretion?

Mr. LANKFORD of Georgia. I think so absolutely. The failure to do so means that section 4 will be of no value to the farmers of the country. I ask unanimous consent to insert in the Record the telegrams that I sent to the Federal land banks and the replies that I received.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LANKFORD of Georgia. This bill will give the Federal land banks an opportunity to render great service to the farmers of the country. I believe under the law, and under this bill if passed, they can take \$25,000,000 or whatever is necessary to loan to those farmers who are delinquent, and let the farmers pay the identical money back to them on the interest due by the farmers. Thus they will recapture the money and then can apply it on the bonds. If they can do this they would be rendering a great service. Then, again, ladies and gentlemen of the committee, I understand from the chairman of the Committee on Banking and Currency that these farm-loan banks can, if they will, resell to the original owner the land where foreclosures have taken place, then take a new loan, thus renewing the old loan, and give the man a chance to get back the land which has already been taken by loan foreclosure.

I certainly hope that this bill will be amended, either this afternoon or when it reaches the Senate, so as to require this Federal loan system to stop the foreclosure stampede that is now taking place.

I feel that the farmers of the country would have been infinitely better off if this farm-loan system had never been brought into existence. By it Congress invited the farmers to place these loans on their farms, with the belief that special consideration would be shown them in time of a financial depression. Now the farmers are finding that it would have been better for them if they had gone along as best they could without securing these loans.

I am frank to say that I have had better success getting extensions on long-term loans held by old-line life-insurance companies or other long-term loan concerns.

If by any chance this bill should finally become law without some provision stopping this orgy of foreclosure, I trust that the officials intrusted with the administration of this act will sense the will of this House and be much more liberal in the future than they have been in the past.

If they do not carry into effect the will of Congress as expressed here by debate at the time of the consideration of



this measure, regardless of whether that will be expressed in definite provision in the bill or only by a kindly provision giving them the power to do so, I for one—and I am not by myself in this matter—believe that the Federal farm loan act should be repealed and proper steps taken to safeguard the rights of the farmers, bondholders, and other interested parties.

This bill as now worded is not in behalf of the farmers. It is clearly for the interest of the bondholders. I have no objections to legislation for the bondholders. It is the duty of Congress to protect those people that have helped the farmers of the country by the purchase of these bonds. I shall vote for the bill. I do hope, though, that it will be finally amended so as to become not only a bankers' and bondholders' bill but a farmers' bill as well.

Under the unanimous-consent agreement of the committee, I here insert the telegram sent by me to the president of the Federal Land Bank of Columbia, S. C., as follows:

DECEMBER 18, 1931.

FRANK H. DANIEL,

*President Columbia Federal Land Bank, Columbia, S. C.:*

House bill 6172 is pending in Congress to amend Federal farm loan act, as amended, so as to provide for \$100,000,000 additional capital for Federal land banks. In order to keep record clear, I desire you wire me collect at once for insertion in CONGRESSIONAL RECORD answers to following questions:

Give number and total amount foreclosures of Columbia Federal Land Bank during last 12 months, also number and amount foreclosures now pending. If bill passes, will all or any foreclosures now pending be stopped? Tell in detail what effect passage of present bill will have on pending foreclosures and future policy of bank as to foreclosures. What officials determine whether or not foreclosure takes place and what has been done with lands heretofore taken over by foreclosure.

W. C. LANKFORD.

Mr. Chairman, I sent an identical telegram to the president of the Federal land banks at New Orleans, La., and Houston, Tex., and also to the general counsel of each of the three banks.

I have received no reply from the New Orleans bank, but am sure I will later in the day. If the reply from this bank expresses a more liberal attitude on the foreclosure question than that expressed in the telegrams from Columbia and Houston, I shall gladly have it inserted in the RECORD the first of next week.

The reply received from the Federal land bank at Columbia is as follows:

COLUMBIA, S. C., December 18, 1931.

Hon. W. C. LANKFORD,

*House of Representatives, Washington, D. C.*

Reference your day letter advising House bill 6172 pending in Congress for consideration to-morrow to amend Federal farm loan act as amended so as to provide for one hundred million additional capital for Federal land banks. There were in force on January 1, 1931, 29,252 loans. For the 11-month period ended November 30, 1931, 1,033 foreclosure cases were completed, including foreclosure cases commenced in prior years. There are 834 loans now in process of foreclosure. Would require much time to furnish amount involved in connection with completed foreclosures and loans in process of foreclosure referred to above. Four executive officers of bank determine action regarding disposition delinquent loans, authorizing foreclosure only after full consideration of all facts in hand, including reports rendered by responsible field representatives and secretary-treasurers of associations, when concurred in by junior executive officers of bank actively engaged in handling this phase of bank's work. Lands acquired by bank rented to responsible farmers to best possible advantage wherever not resold on terms which afford reasonable protection to bank to farmers believed to be dependable. In our opinion, passage present bill for mutual interest banks and borrowers.

F. H. DANIEL,

*President.*

HARRY D. REED,

*General Counsel, Federal Land Bank of Columbia.*

The reply received by me from the Federal Land Bank at Houston, Tex., is as follows:

HOUSTON, TEX., December 18, 1931.

W. C. LANKFORD,

*Member of Congress, House Office Building,  
Washington, D. C.:*

Re telegram would suggest that you can secure from the Farm Loan Bureau, Washington, the record of the Federal Land Bank of Houston in the matter of foreclosures and any other data desired. As to policy of the bank in the matter of foreclosures I could not speak, this being determined by the board of directors. The

executive committee, after consideration of each case on its merits, determines questions of foreclosure. I feel it would be to the interest of the banks to pass the bill.

LEWIS ROGERS,

*General Counsel, Federal Land Bank of Houston.*

Mr. Chairman, many of the big daily papers are carrying big headlines in which this bill as now written is hailed as a moratorium for the farmers of the Nation. This is very erroneous. It is not a moratorium, but I hope it may become such, in practical effect, before it goes to the President for his approval.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. GARBER. Mr. Chairman and members of the committee, I take advantage of this opportunity to express especially and directly my appreciation of the action taken by the distinguished chairman of the Banking and Currency Committee and to each of the members thereof in giving consideration to this, one of the primary numbers on the constructive program of the President, but I do not believe the committee has given that degree of consideration necessary for intelligent legislation upon this great question. Neither have you afforded to the members of this committee the opportunity or the information to act intelligently in passing upon a measure of this importance. That is not said in criticism, so far as it might be construed as purposely done, but because you are making haste at a time when you should proceed slowly, in order to give that degree of consideration to a broad national piece of legislation directly affecting the basic industry of our country. I have often thought since I have been in Washington that the people living in the atmosphere of the Capital, where a vast army of employees is steadily employed at fair wages, where millions and millions of dollars have been spent in construction, being so far removed from the unparalleled depression in the places from whence we come, that there seldom is a proper and adequate consideration or appreciation of the degree of depression in which agriculture and industry now find themselves. I do not believe there is. Why, you are in the lap of luxurious prosperity here as compared with every other section of the country. As suggested by the distinguished gentleman from Texas [Mr. SUMNERS], the bill does not afford a solution of the depression.

No one contends that it does. It is only one of the five numbers of the constructive programs of the President that deals with one of the major sources of depression.

As stated by the gentleman from Texas, it is a credit paralysis that is affecting this country. Since 1929 there has been a diminution or decrease of credit in this country exceeding six and one-half billion dollars. The purpose of this proposal is to relieve the deplorable situation of the farmers of this country in order that the family may continue to live on the farm. That is an essential consideration in the restoration of prosperity. You must protect, you must keep that family on the farm before you can recover from the existing depression.

Now, let us look at this bill. The primary purpose of the bill is to strengthen the Federal land banks, to restore credit, to bring the bonds to par, to create a dependable market for them, to restore confidence in the investment. That is the primary purpose of this bill, and so far as it goes, it is commendable.

To restore confidence in the investment is necessary to create a market for the bonds without the sale of which money can not be obtained to make the loans and without the ability to make the loans the system itself would be defeated of the very purposes for which it was created.

The second purpose of the bill is to administer the loans to the farmers in distress, to those who have been unable to pay their installments and are confronted with foreclosure proceedings, and this purpose can only be effected through administration.

Section 4 of the bill provides:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or in-



installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period.

It will be observed that this section leaves discretionary with the bank to extend in whole or in part any loan and it is in the exercise of this discretionary power that bad administration ensues and failure to carry out the purpose and spirit and intention of Congress.

Instead of being simply authorized the land banks should be directed to extend in whole or in part any installment or installments upon any mortgage that may be unpaid when it is shown that the security is sufficient and the extension meritorious. This is the primary purpose of the legislation. For this we authorize an appropriation of \$100,000,000. We want to see and make sure that the money is advanced to protect the mortgagor, the family on the farm. In addition to that the farmer should be given an additional year in which to pay past-due installments. The present depression has exhausted his resources. With wheat at 25 cents per bushel, oats 15 cents per bushel, and the price of other farm products in proportion, he has been unable to pay his taxes and living expenses.

This little moratorium to the farmer of one year with good security is nothing compared to the moratorium extending the payment of the interest due from foreign countries on their indebtedness without any security. On yesterday, by a vote of 317 to 100, such a moratorium was extended. Those who were so willing to grant such an extension to foreign countries should now be willing to grant an extension of one year to our own farmers. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed. The motion was agreed to.

Mr. BURTNES. Mr. Chairman, I withdraw the amendment which I offered. It was in the nature of a pro forma amendment.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

There was no objection.

The Clerk read as follows:

SEC. 3. The first three paragraphs of section 24 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 911-913), are amended, effective beginning with the first full semiannual period, ending June 30 or December 31, following the enactment of this act, to read as follows:

"That every national farm loan association shall, out of its net earnings, carry to reserve account semiannually a sum not less than 20 per cent of such net earnings until said reserve account shall show a credit balance equal to the outstanding capital stock of said association. After said reserve shows a credit balance equal to the outstanding capital stock 5 per cent of the net earnings shall be added thereto semiannually.

"Whenever said reserve shall have been impaired it shall be fully restored before any dividends are paid.

"After deducting 20 per cent or the 5 per cent hereinbefore directed to be credited to reserve account, said association may at its discretion declare a dividend to shareholders of the whole or any part of the balance of said net earnings."

Mr. KETCHAM. Mr. Chairman, I move to strike out the last word.

I only want to take a minute or two to call to the attention of the committee two things that I think have been slightly overlooked in the run of the debate. The first is the statement that there is at the present time approximately \$28,000,000 in mortgage default. I think that is the figure given by the gentleman from South Carolina.

Mr. STEVENSON. Will the gentleman yield?

Mr. KETCHAM. I yield.

Mr. STEVENSON. That was the amount of land owned. The delinquents are not anything like that. I can give the gentleman the amounts exactly in a moment.

Mr. KETCHAM. I would like to have the exact figures.

Mr. STEVENSON. Delinquent less than 30 days, \$2,125,000; delinquent 30 days to 60 days, \$1,132,000; delinquent 60 days to 90 days, \$1,755,000; delinquent over 90 days, \$7,028,000; making a total of \$12,042,584. That is all the delinquents. The 28,000,000 is the amount of land which the system now owns.

Mr. KETCHAM. That is the very point to which I wish to direct the attention of the committee. It seems to me that in the discussion the impression has been left that there is nothing to show at all for the \$28,000,000 worth of land now in the hands of the Federal farm loan banks, and I think it deserves just a moment's time to emphasize the fact that that land, whatever its value may be ultimately when it shall be sold, is still to the credit of the farm loan banks.

Mr. STEVENSON. If the gentleman will permit, that, however, is not available as security for the bonds.

Mr. KETCHAM. That is correct. It is my understanding that when the foreclosures have been made those particular parcels of land upon which foreclosures have been made are absolutely taken out of the account of the bank and placed in another envelope, so to speak, and if anything is realized from it, well and good; but it should not be forgotten that that still remains as an asset.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. KETCHAM. I yield briefly.

Mr. LA GUARDIA. That \$28,000,000 worth of land which is an asset to the bank is of very little comfort to the previous owners of that land.

Mr. KETCHAM. That is true.

Mr. LA GUARDIA. We are trying to help the farmers.

Mr. KETCHAM. But I thought the impression might have been prevalent that there was nothing to show at all for the \$28,000,000 of mortgaged lands defaulted.

In the second place, I want to take a moment to call attention to the advantage of this legislation to another group which has not been mentioned. All the discussion has gone to the point of relief for the men who have already borrowed and who are looking for an extension of their loans. As far as my correspondence goes, about half of it or more comes from those who are interested in negotiating new farm-loan bank loans, and the reason that new loans are not capable of being negotiated is that no bonds can be sold. Therefore I am strongly for this legislation, for I believe it will afford the farm-land banks just exactly the opportunity which they need and which they have desired to secure the necessary funds whereby loans may be made to the people who are in very dire distress by reason of the pressure that is being brought to bear upon them from other sources. So for that reason I am for it.

May I just call the attention of the committee to the suggestion that has been offered this afternoon, that I think has in it some very far-reaching consequences, and I hope the committee at some future time will give some careful consideration to it?

That is the suggestion which comes from the gentleman from North Dakota, namely, that a very fine service could be rendered to these men who, for instance, may have negotiated a loan for \$10,000 and who have paid 50 per cent of it and who are now faced by reason of the situation with a foreclosure. Why can not a provision be written into the law by way of an amendment providing that that may be refunded—providing that the \$5,000 be refunded upon the same terms as originally, and thereby not only retain the land as an asset of the Federal farm-loan bank but, more than anything else, reduce the payment which the farmer has to meet upon the amount which he now has to make, which was upon the original loan of \$10,000. Reduce it by practically 50 per cent and so give aid all along the line.

[Here the gavel fell.]

Mr. KETCHAM. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. KETCHAM. In this one minute—and I appreciate the courtesy of the committee in listening to me—I want to add a word which I think ought to be added by way of appreciation to the committee for the very prompt manner in which this legislation has been reported. As one who has always had a great interest in agriculture I want to extend to the chairman and to those on the majority side of the aisle, as my good friend from New York suggested we



should, my own appreciation as one from the minority side for the very fine and constructive leadership shown in reporting so promptly this very fine piece of legislation, and I am for it. [Applause.]

Mr. BURTNESS. Mr. Chairman, I move to strike out the last two words. I do this solely for the purpose of asking some questions about sections 2 and 3 of the members of the committee handling the legislation.

I have followed the debate very closely, and little or nothing has been said about either of those sections. Some rather active members of farm organizations have told me to-day that the farm organizations are not in favor of sections 2 and 3. Of course, these sections are new provisions added to the present provisions of the law with reference to the building up of reserves, first, in the Federal land banks, with which the second section deals, and, secondly, with the reserves of local associations with which section 3 deals. Will some one tell me what reserves we now have in the present land banks?

Mr. STEVENSON. I can tell the gentleman, if he will yield.

Mr. BURTNESS. The only reason I rose was to get information for the RECORD.

Mr. STEVENSON. The reserves that are now carried by the land banks are legal reserves of \$13,200,111.35.

Mr. BURTNESS. About what percentage is that of the capital stock?

Mr. STEVENSON. That is not all. There are other reserves—that is, reserves against certain other contingencies—of \$97,921. The total reserves are \$13,298,000.

Mr. BURTNESS. What percentage is that of the capital stock?

Mr. STEVENSON. The capital stock is \$65,000,000, in round numbers, I believe.

Mr. BURTNESS. Then the reserve has already been built up to approximately 20 per cent?

Mr. STEVENSON. Yes; as 13 is to 65.

Mr. BURTNESS. The present law has been complied with. The present purpose seems to be to build that reserve up to 100 per cent, but in order to do that you are going to insist that the present stockholders contribute each year twice as much as they have been contributing during the time they have done very good work and built up the reserve to 20 per cent.

Mr. STEVENSON. My recollection is that section 23, which we are amending, calls for 25 per cent.

Mr. BURTNESS. It calls for 25 per cent of the actual savings to be turned over to the reserve, to be in turn built up each year until the total of 20 per cent of the capital stock has been reached. The present bill calls for 50 per cent of savings to be contributed each year until 100 per cent of the capital is reached, and then even after the 100 per cent is reached to continue on, resulting, of course, in this, that even though these farmers have paid for their stock, have gone through this distressing period and paid off their loans, yet they are compelled to contribute to this large surplus, all of which will go to the benefit of future borrowers rather than themselves.

I am not so sure that these provisions are quite fair to the present borrowers. I wish hearings had gone into the matter carefully. I recognize, of course, that the provisions will tend to build up a stronger system. In any event I wanted to get the facts into the RECORD, and the matter can be given further consideration by the Senate committee. There are probably two sides to it.

Could the gentleman tell me anything with reference to section 3, as to what the status is with reference to the reserves, generally speaking, in the local farm-loan associations?

Mr. STEVENSON. I have not those figures.

Mr. BURTNESS. I assume that most of those are in rather bad shape and have not reached the maximum set out in the present law.

Mr. STEVENSON. There are a good many of those all over the United States, and the board could not furnish us with those figures. We do not have the figures as to the

amount of the reserves in those associations, but many of them have reserves, although many of them have lost their reserves by reason of injudicious investments, so I do not think there is very much in most of them.

Mr. BURTNESS. The same argument as to building up of reserves in the land banks applies to reserves in the local associations. The interests of the stockholders—an opportunity to get a return on the stock held by the farmer borrowers—should be given fair consideration as well as the necessity to build up a strong, safe institution for the future.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 4. That section 25 of the Federal farm loan act (U. S. C., title 12, ch. 7, sec. 921) is amended by adding at the end thereof a new paragraph to read as follows:

"Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period."

Mr. OLIVER of Alabama. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. OLIVER of Alabama: Page 5, line 8, after the word "period," strike out the period, insert a semicolon, and add the following:

"Provided, That in the granting of extensions, preference shall be given to farmers who own, live on, and cultivate the land on which the Federal land bank holds a lien."

Mr. STEVENSON. Mr. Chairman, the principle that is embodied in this amendment is, of course, a good principle, but it involves the principle of saying thou shalt extend aid to one class in preference to another. The bill as it stands means that the board shall exercise its discretion in all cases, and it is not to be determined by the place where the man who applies for it resides. We assume that the board will carry out the purpose of the act, which prescribes that a man shall live on the property or shall show the reason why. If they make him a loan where he does not live on the land, we submit that he will have convinced them that he was justified in living somewhere else, and we do not think it is proper to introduce a mandatory provision here which will necessarily discriminate against one class of borrowers. We think all that had better be left to the discretion of the board of directors.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. OLIVER].

The amendment was rejected.

Mr. McKEOWN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Oklahoma offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McKEOWN: Page 5, after the word "bank," in line 1, insert the following: "Is directed for the period of one year to extend upon application in whole or in part any installment or installments upon any mortgage that may be unpaid," so as to read:

"Each Federal land bank is directed for the period of one year to extend upon application in whole or in part any installment or installments upon any mortgage that may be unpaid and thereafter, when in the judgment of the directors conditions justify it, to extend in whole or in part any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period."

Mr. McKEOWN. Mr. Chairman and gentlemen of the committee, I do not want to come in here and vote for a bill and have it heralded to the country, which would be justified, that I voted for a bill to put \$100,000,000 in the Federal land banks of this country and sent it out as a sop to the farmers who are having their homes taken from them every day by the Federal land banks of this country.

They say they will have a sympathetic attitude under this bill. I know a story that is told down in my State. We



had a very fine banker down there, but, unfortunately, he had a glass eye. He was very proud of the fact that he had procured a glass eye that nobody could tell from his natural eye. A fellow went into the bank one day to borrow \$100 from him, and he thought he would have a little fun out of the fellow, and he said: "I will tell you what I will do with you. If you will tell me which eye is an artificial eye, I will lend you the \$100." The fellow looked at him and said, "I believe it is your right eye." This banker said, "You are right; but I do not see how you were able to tell it. I have had hundreds of people guess and they have not been able to guess right. How could you tell it?" He said, "I thought I saw a little gleam of sympathy out of your right eye." [Laughter.]

That is the kind of sympathetic administration you are going to get. Now, why does this Congress come here and turn over \$100,000,000 to the bankers to take care of their mortgages and refuse to say we will stop foreclosures for one year?

Oh, they say it is unconstitutional. I know one eminent lawyer of this body that will never say that it is unconstitutional. I refer to the gentleman from Virginia [Mr. TUCKER].

They are giving this money to the officers to pay their salaries, and you tell me that you can not tell these men what to do with it. My friend from Virginia will tell you that it is not unconstitutional. It is mere camouflage.

Now, what does this amendment do? It says that one year you shall not foreclose a mortgage for unpaid debt, and after that you can exercise your discretion and carry on your sympathetic administration of the bill. You have plenty of time to do it. That is, when the conditions are ripe, they say, and I say right now the conditions are ripe to extend the farm loan mortgages.

We came in here yesterday and I voted to extend for one year a moratorium for the German people. Now, I want to give an extension to the farmers of this country.

Oh, they say it is not good banking. The truth about it is in this country the big business men have said all the time that Congress ought not to be in session; that it ought to adjourn; that it was hurting business. That has been their cry all the time. If the Congress could get the country in a worse mess than they have I do not see how it could be done. [Laughter and applause.]

Big business got the country into this shape, and now when they want \$100,000,000 they say they want it to aid the farmers of the country. If you want to do something for the farmers, vote for my amendment. [Applause.]

[Here the gavel fell.]

Mr. GREEN. Mr. Chairman, I offer the following substitute for the amendment offered by the gentleman from Oklahoma.

The Clerk read as follows:

Strike out all of section 4 and insert in lieu thereof the following:

"That the time for the payment of any installment due and payable to any Federal land bank prior to one year after the enactment of this act, under the terms of any mortgage securing a loan made by such bank, may, at the request of the person from whom such installment is due, be extended by such bank for a period of not more than two years; except that this act shall not be construed to authorize extension of the time for payment of any installment under a mortgage in respect of which a foreclosure proceeding has been instituted.

"The Secretary of the Treasury is authorized and directed to make advances, within the limits of appropriations hereafter made for such purpose, to Federal land banks of amounts equal to installments in respect of which extensions of time have been granted as herein authorized. The bank to which any such advance is made shall repay the same to the United States, without interest, within such time, in such manner, and under such terms and conditions as the Secretary of the Treasury and the Federal Farm Loan Board, acting jointly, may prescribe. Amounts so repaid shall be covered into the Treasury as miscellaneous receipts."

Mr. GREEN. Mr. Chairman, ladies, and gentlemen, I shall not consume much time in discussing this amendment. There have been a number of my colleagues who are desirous of putting into effect a moratorium on these loans and giving specific directions to the Federal land banks. I favor the bill in its present form if it is the best bill that

we can get. I shall vote for it, but it surely should be amended as suggested in my proposed amendment. This amendment gives specific direction to the land banks to extend time of payment of Federal land-bank mortgage notes if the debtor is unable to pay and requests extension. I have faith in the officers of the land banks, but somehow I fear that many of our constituents may be unable to obtain extensions on their loans unless my amendment is adopted.

On December 31, 1930, there were 511,050 loans to the value of \$1,778,943,342.45 outstanding for Federal and joint-stock land banks. More than \$6,000,000 of this is owned by farmers. Florida is one of the smaller farm States it is true, but our people are in need of extension of time on their loans.

A total of 650,976 farms, with loans totaling \$2,587,075,-678.30, have been foreclosed. This was the number up until September 30, 1931. The percentage of foreclosures is increasing. For the first nine months of 1930 foreclosures aggregating \$4,471,988.45 were made, while the first nine months of 1931 had \$4,918,304.77 worth of land mortgages foreclosed by the Federal land and joint-stock banks. Thus, you will see, my colleagues, that we must pass remedial legislation; therefore, we must pass the bill before us now, but let us amend it by making it definite that we are extending to these debtors at least one year's moratorium.

Now, on yesterday the House passed a bill granting a moratorium to America's foreign debtors. Now, will you not to-day be at least as generous to our own American farmers, who are making their last stand, with their backs to the wall, fighting for their sole economic existence? As for me, I am far more concerned about the welfare of the American people than I am about the welfare of Germany and other foreign debtors, and I hope you will join with me in voting for the amendment.

Mr. LA GUARDIA. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I am sorry; I have not sufficient time.

The farm population represents nearly one-third of our Nation's population. They have seen their fortunes dwindle until the farm wealth of the Nation to-day is only about half of that of 10 years ago. By passage of this bill as amended—if my amendment is adopted—it is hoped that many of their farms will be saved for them. Our farmers are the most noble of all our citizenship; they work from dawn until twilight beneath the blue canopy of heaven, and there wring their honest living by the sweat of their brow from the plenteous breast of mother earth. I challenge you to show me a citizenship more noble or courageous. [Applause.]

The CHAIRMAN. The question is on the substitute offered by the gentleman from Florida for the amendment offered by the gentleman from Oklahoma.

The substitute was rejected.

Mr. WRIGHT. Mr. Chairman, I offer the following as a substitute for the amendment offered by the gentleman from Oklahoma, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WRIGHT as a substitute for the amendment offered by Mr. McKEOWN: Strike out the paragraph on page 5, lines 1 to 8, inclusive, and insert in lieu thereof the following:

"Each Federal land bank is required upon the application of any borrower to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid and to accept payment of such unpaid installment or installments during the period of five years, or less, thereafter, to be paid in equal amounts, in addition to the regular installments to become due during such period."

Mr. WRIGHT. Mr. Chairman, I have very great respect for the eminent ability of the gentlemen composing the Committee on Banking and Currency. I wondered, however, why they inserted section 4 in this bill. It is absolutely meaningless. It confers no authority upon the Federal land banks which they do not already have. It simply provides that the Federal land banks are authorized to make these extensions, whenever in the judgment of the board of directors it is proper to do so. You are conferring no authority upon the Federal land banks or boards of directors other than that which they now enjoy. Why put that language



in the bill? It is not binding upon anybody. The Federal land banks and boards of directors can ignore it absolutely, and yet in the debate here to-day it has been spoken of by some Members as a provision in favor of the farmer, which insures to the farmer a right to renew his loans. There is absolutely nothing in it. The amendment I have offered follows the language of the amendment inserted by the Banking and Currency Committee in section 4, but instead of making it discretionary, instead of being a useless thing, it requires that these Federal land banks shall accept payment for these unpaid installments by renewing them over a period of over five years.

Mr. MOUSER. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. MOUSER. In the amendment suggested by the gentleman he says that the Federal land bank is required upon application to lend "in whole or in part."

Mr. WRIGHT. Yes.

Mr. MOUSER. I take it that that means that it is a mandatory direction.

Mr. WRIGHT. That means it is mandatory.

Mr. MOUSER. How about the words "in whole or in part"?

Mr. WRIGHT. It means that where a borrower makes application for an extension of the whole of an unpaid installment or a part of it he shall get the extension.

Mr. MOUSER. Whatever he applies for, either part of it or the whole of it, they must grant it.

Mr. WRIGHT. That gives them the absolute right to receive these benefits if they make application. Just a word now about the bill. I am going to support it. I think the Banking and Currency Committee brought out about the best bill that they could under the circumstances, but it is a bill essentially in the interest of the bondholders of these land banks.

Mr. LAGUARDIA. And without the gentleman's amendment it would be worthless?

Mr. WRIGHT. Yes; except that it does help the bondholders, and I think they are entitled to some sympathy, because most of them bought the bonds with the idea that they were Government bonds.

Mr. LAGUARDIA. Does not the gentleman believe that the bill ought to go back to the committee unless something is done really for the farmer?

Mr. WRIGHT. I do. They ought to get some relief. They talk about foreclosures. It is about the speediest and shortest foreclosure that you can imagine. They do not have to go into court, where a six months' period is required, as it usually is. There is a provision in these mortgages which gives them the power of sale, and all they do is to advertise the farmer's land for 30 days.

Mr. SIMMONS. That does not apply in my State; it may in the gentleman's.

Mr. WRIGHT. It does in mine.

Mr. STEVENSON. That is where the State law allows it.

Mr. WRIGHT. I am speaking about Georgia; I do not know about the other State laws.

Mr. STEVENSON. You would have to amend your State laws.

Mr. WRIGHT. I am not complaining about the State laws.

The farmer does not know whether to pitch his crop or not. They can foreclose during the growing season. The usual result is that the land does not bring anything near the amount of the mortgage and interest, and the farm-loan bank buys it in and pays taxes on it, because no one is willing to rent it unless they are aided in making a crop.

Something was said about the relentless manner in which these banks proceeded. An instance of that kind came to my attention recently. The farmer had procured one of these feed, seed, and fertilizer loans, and, of course, had obligated himself to use that money only for this purpose. A field man from one of these banks came out and said if he did not pay a part of this money, they would foreclose on him.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto shall now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. ARENTZ. Mr. Chairman, I object.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

The question was taken; and on a division (demanded by Mr. ARENTZ) there were—ayes 171, noes 47.

So the motion was agreed to.

Mr. JEFFERS. Mr. Chairman, I ask that the substitute amendment be again reported.

The CHAIRMAN. The Clerk will again report the substitute amendment offered to the amendment offered by the gentleman from Oklahoma.

The Clerk again reported the substitute amendment.

Mr. BURTNESS. Mr. Chairman, I ask unanimous consent that the amendment offered by the gentleman from Oklahoma be now reported.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Oklahoma [Mr. McKeown] will again be reported.

There was no objection.

The Clerk again reported the amendment offered by Mr. McKeown.

The CHAIRMAN. The question is on the adoption of the substitute amendment to the amendment offered by the gentleman from Oklahoma.

The substitute amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. McKeown].

The question was taken; and on a division (demanded by Mr. QUIN) there were—ayes 90, noes 133.

So the amendment was rejected.

Mr. DAVIS. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read the amendment as follows:

Amendment offered by Mr. DAVIS: On page 5, line 4, after the word "unpaid," insert "for a period of one year beyond the date of the last regular installment payable under such mortgage"; and after the word "installment," in line 5, strike out the remainder of the section.

Mr. DAVIS. Mr. Chairman, in view of the fact that debate is closed I ask that the Clerk read the section as it would read with the amendment I have offered.

The CHAIRMAN. Without objection, the Clerk will read the section as amended by the amendment offered by the gentleman from Tennessee.

There was no objection.

The Clerk read the section as amended, as follows:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend in whole or in part any installment or installments upon any mortgage that may be unpaid for a period of one year beyond the date of the last regular installment payable under such mortgage and to accept payment of such unpaid installment or installments.

The question was taken; and on a division (demanded by Mr. DAVIS) there were—ayes 69, noes 118.

So the amendment was rejected.

Mr. ARENTZ. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. ARENTZ: On page 5, line 5, after the word "installments," strike out the balance of the section and insert "on or before or at the end of the amortization period with the rate of interest per annum on such unpaid installment as is specified in the mortgage."

Mr. ARENTZ. Mr. Chairman, I ask unanimous consent that we may discuss the matter for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nevada?

Mr. RAINEY. Mr. Chairman, I object.

Mr. BURTNESS. Mr. Chairman, I ask unanimous consent that the section may be read in the way it would appear with the amendment.



The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

Mr. PARKS. Mr. Chairman, I object.

The question was taken; and on a division (demanded by Mr. ARENTZ) there were—ayes 45, noes 96.

So the amendment was rejected.

Mr. HARE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HARE: On page 5, at the end of line 8, add a new paragraph, to read as follows:

"That wherever a foreclosure has been made and the mortgaged lands are still in the possession of the bank the mortgagor shall have the right to redeem and repossess said lands upon payment of all costs incident to foreclosure and all delinquent installments."

The question was taken; and on a division (demanded by Mr. HARE) there were—ayes 79, noes 114.

So the amendment was rejected.

Mr. BARBOUR. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 5, line 1, after the word "bank," strike out the words "is authorized" and insert in lieu thereof the word "shall."

In line 2, after the word "it," strike out the word "to."

In line 4, after the word "and," strike out the word "to," so that section 4 shall read:

"Each Federal land bank shall, when in the judgment of the directors conditions justify it, extend in whole or in part any installment or installments upon any mortgage that may be unpaid and accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period."

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 87, noes 111.

Mr. PATTERSON. Mr. Chairman, I demand tellers.

The question was taken, and tellers were refused.

So the amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. STEAGALL. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the recommendation that it do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. RAYBURN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 6172) to amend the Federal farm loan act as amended and to provide for additional capital for Federal land banks, and for other purposes, and had directed him to report the same back to the House with the recommendation that it do pass.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McKEOWN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McKEOWN. I am.

The SPEAKER. Is there any member of the committee opposed to the bill who wishes to make a motion to recommit? [After a pause.] The gentleman from Oklahoma offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. McKEOWN moves to recommit the bill to the Committee on Banking and Currency with instructions to that committee to report the same back to the House forthwith with the following amendment:

On page 5, line 1, after the word "bank" insert the following: "is directed for the period of one year to extend in whole or in part any installment or installments upon any mortgage that may be unpaid."

The SPEAKER. The question is on the motion to recommit.

Mr. McKEOWN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 165, nays 192, not voting 76, as follows:

[Roll No. 6]

YEAS—165

Abernethy	Disney	Kerr	Quin
Allgood	Dominick	Kvale	Ragon
Amle	Doughton	LaGuardia	Ramspeck
Arnold	Douglass, Mass.	Lambertson	Rankin
Ayres	Doxey	Lambeth	Rayburn
Bankhead	Drane	Lamneck	Romjue
Bland	Driver	Lanham	Rutherford
Blanton	Eslick	Lankford, Ga.	Sanders, Tex.
Boileau	Fernandez	Larrabee	Sandlin
Boland	Fiesinger	Larsen	Schneider
Brand, Ga.	Fishburne	Linthicum	Selvig
Briggs	Flannagan	Lozier	Shallenberger
Browning	Fulbright	Ludlow	Shannon
Buchanan	Fuller	McClintic, Okla.	Sinclair
Bulwinkle	Fulmer	McDuffie	Smith, Idaho
Burch	Gambrell	McKeown	Smith, Va.
Busby	Garber	McMillan	Somers, N. Y.
Byrns	Garrett	McReynolds	Sparks
Campbell, Iowa	Gasque	McSwain	Spence
Canfield	Gilbert	Major	Summers, Wash.
Cannon	Gilchrist	Mansfield	Sumners, Tex.
Carden	Glover	May	Swank
Cartwright	Green	Miller	Tarver
Cary	Greenwood	Mitchell	Taylor, Colo.
Chapman	Gregory	Montet	Thomason
Chavez	Griswold	Moore, Ky.	Tucker
Christgau	Haines	Morehead	Underwood
Clark, N. C.	Hall, Miss.	Nelson, Mo.	Vinson, Ga.
Cochran, Mo.	Hare	Norton Nebr.	Vinson, Ky.
Coile, Md.	Hart	Norton, N. J.	West
Collier	Hill, Wash.	O'Connor	Whittington
Collins	Hornor	Oliver, Ala.	Williams, Tex.
Cooper, Tenn.	Howard	Overton	Wilson
Cox	Huddleston	Owen	Wingo
Crisp	Jacobsen	Parker, Ga.	Withrow
Cross	Jeffers	Parks	Wood, Ga.
Crump	Johnson, Mo.	Parsons	Woodrum
Davis	Johnson, Okla.	Patman	Wright
DeRouen	Johnson, Tex.	Patterson	Yon
Dickinson	Jones	Pittenger	
Dies	Karch	Polk	
Dieterich	Keller	Pou	

NAYS—192

Adkins	Curry	Horr	Person
Aldrich	Dallinger	Houston, Del.	Pettengill
Andresen	Darrow	Hull, Morton D.	Prall
Andrew, Mass.	Davenport	James	Purnell
Andrews, N. Y.	Delaney	Jenkins	Rainey
Arentz	De Priest	Johnson, Ill.	Ramseyer
Auf der Heide	Douglas, Ariz.	Johnson, Wash.	Ransley
Bacharach	Dyer	Kahn	Reed, N. Y.
Bachmann	Eaton, N. J.	Kelly, Ill.	Reilly
Bacon	Englebright	Kelly, Pa.	Robinson
Baldrige	Erk	Kemp	Rogers
Barbour	Finley	Ketcham	Rudd
Barton	Fish	Kinzer	Sanders, N. Y.
Beedy	Fitzpatrick	Kurtz	Seger
Beers	Foss	Lankford, Va.	Selberling
Black	Frear	Lehlbach	Shott
Bloom	Freeman	Lewis	Simmons
Boehne	French	Lichtenwalner	Snell
Bohn	Gavagan	Lindsay	Snow
Bolton	Gibson	Loneran	Stafford
Bowman	Gifford	Loofbrow	Stalker
Brand, Ohio	Gillen	Lovette	Stegall
Britten	Golder	Luce	Stevenson
Brunner	Goldsborough	McClintock, Ohio	Stewart
Burdick	Goodwin	McCormack	Strong, Kans.
Burtness	Goss	McGugin	Strong, Pa.
Butler	Griffin	McLaughlin	Sutphin
Cable	Guyer	McLeod	Swanson
Campbell, Pa.	Hadley	Magrady	Sweeney
Carter, Calif.	Hall, N. Dak.	Maloney	Swing
Carter, Wyo.	Hancock, N. Y.	Manlove	Taber
Cavichia	Hancock, N. C.	Mapes	Temple
Chindblom	Hardy	Martin, Mass.	Thatcher
Christopherson	Harlan	Martin, Oreg.	Tierney
Clague	Hartley	Michener	Tilson
Clancy	Hastings	Millard	Timberlake
Clarke, N. Y.	Hawley	Montague	Treadway
Cole, Iowa	Hess	Mouser	Turpin
Colton	Hill, Ala.	Murphy	Vestal
Condon	Hoch	Nelson, Me.	Wason
Connery	Hogg, Ind.	Nelson, Wis.	Welch, Calif.
Cooke	Hogg, W. Va.	Niedringhaus	White
Corning	Holaday	Nolan	Wigglesworth
Coyle	Hollister	Oliver, N. Y.	Williams, Mo.
Crosser	Holmes	Palmsano	Williamson
Crowe	Hooper	Parker, N. Y.	Wolcott
Crowther	Hope	Partridge	Wolverton
Culkin	Hopkins	Perkins	Woodruff

NOT VOTING—75

Allen	Beck	Buckbee	Chase
Almon	Boylan	Carley	Chipherfield
Beam	Brumm	Celler	Cochran, Pa.



Connolly	Haugen	Mead	Sullivan, Pa.
Cooper, Ohio	Hull, William E.	Milligan	Swick
Crall	Igoe	Moore, Ohio	Thurston
Cullen	Johnson, S. Dak.	Peavey	Tinkham
Dickstein	Kading	Pratt, Harcourt J.	Underhill
Doutrich	Kendall	Pratt, Ruth	Warren
Dowell	Kennedy	Reid, Ill.	Watson
Drewry	Kieberg	Rich	Weaver
Eaton, Colo.	Kniffin	Sabath	Weeks
Estep	Knutson	Schafer	Welsh, Pa.
Evans, Calif.	Kopp	Schuetz	Whitley
Evans, Mont.	Lea	Shreve	Wolfenden
Free	Leavitt	Sirovich	Wood, Ind.
Granata	Leech	Smith, W. Va.	Wyant
Granfield	McFadden	Stokes	Yates
Hall, Ill.	Maas	Sullivan, N. Y.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Warren (for) with Mr. Shreve (against).  
Mr. Milligan (for) with Mr. Cooper of Ohio (against).

Until further notice:

Mr. Cullen with Mr. Allen.  
Mr. Weaver with Mr. Pratt, Harcourt J.  
Mr. Evans of Montana with Mr. Rich.  
Mr. Mead with Mr. Buckbee.  
Mr. Almon with Mr. Dowell.  
Mr. Boylan with Mr. Crall.  
Mr. Granfield with Mr. Connolly.  
Mr. Drewry with Mr. Reid of Illinois.  
Mr. Carley with Mr. Swick.  
Mr. Lea with Mr. Free.  
Mr. Celler with Mr. Johnson of South Dakota.  
Mr. Igoe with Mr. Wyant.  
Mr. Kennedy with Mr. Kading.  
Mr. Beam with Mr. Kopp.  
Mr. Sullivan of New York with Mr. Welsh of Pennsylvania.  
Mr. Kniffin with Mr. Beck.  
Mr. Sirovich with Mr. Eaton of Colorado.  
Mr. Sabath with Mr. Hull, William E.  
Mr. Kieberg with Mr. Kendall.  
Mr. Schuetz with Mr. Yates.  
Mr. Dickstein with Mr. Knutson.  
Mr. Smith of West Virginia with Mr. Watson.  
Mr. Evans of California with Mr. Granata.  
Mr. Moore of Ohio with Mr. Peavey.

Mr. NELSON of Wisconsin. Mr. Speaker, my colleague the gentleman from Wisconsin [Mr. KADING] had to leave the Chamber before the vote. If present, he would have voted in favor of the motion to recommit.

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts [Mr. GRANFIELD] is unavoidably absent. If present, he would vote "no."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER laid before the House the following designations, which were read by the Clerk, as follows:

#### CELEBRATION OF THE TWO HUNDREDTH ANNIVERSARY OF THE BIRTH OF GEORGE WASHINGTON

Pursuant to the provisions of House concurrent resolution (H. Con. Res. 4) the Chair appoints on the committee for the celebration of the two hundredth anniversary of the birth of George Washington the following Members of the House: Mr. WOODRUM, Mr. BYRNS, and Mr. TILSON.

#### MIGRATORY BIRD COMMISSION

Under the authority of the act of February 18, 1929 (45 Stat. p. 1222), the Chair appoints as members of the Migratory Bird Conservation Commission the following Members of the House: Mr. McREYNOLDS and Mr. ANDRESEN.

#### PUBLIC BUILDINGS COMMISSION

Pursuant to the provisions of title 40, section 1, United States Code, the Chair appoints to fill the vacancy on the Public Buildings Commission the gentleman from Tennessee [Mr. TAYLOR].

#### COLUMBIA INSTITUTE FOR THE DEAF

Pursuant to the provision of title 24, section 236, United States Code, the Chair appoints as Directors of the Columbia Institute for the Deaf the following Members of the House of Representatives: Mr. BLOOM and Mr. SMITH of Idaho.

#### WILLIAM TYLER PAGE

The SPEAKER laid before the House the following communication from William Tyler Page, which was read by the Clerk, as follows:

WASHINGTON, D. C., December 19, 1931.

Hon. JOHN N. GARNER,

Speaker of the House of Representatives,  
Washington, D. C.

MY DEAR MR. SPEAKER: I am conscious of a great debt of gratitude that I owe the House of Representatives and each of its Members. For the recent action of the House continuing me in its service I am deeply appreciative and thankful.

And on to-day, the fiftieth anniversary of my official connection with the House, further happy evidence was manifested in the remarks of the minority leader, Mr. SNELL, and of the gentleman from Maryland, Mr. LINTHICUM, of the generous and kindly attitude of the House toward me. For these very handsome tributes, and for the uniform courtesy accorded me by the Members of this and of preceding Congresses during the last 50 years, I feel a sense of thankfulness in my heart which can not find expression in words.

To serve the House of Representatives is a great privilege. But the opportunities for service here are not alone to the House itself but to the people as well, and I may be pardoned in saying that I have endeavored to embrace and make the best of the opportunities offered me.

It is my very earnest wish and prayer that every Member of the House may enter into the spirit and enjoy the blessings of peace and happiness of the Christmastide, and that the new year, which will mark the two hundredth anniversary of the birth of Gen. George Washington, will bring to them and to our beloved country contentment, which in itself is great riches.

To you, Mr. Speaker, the tenth Speaker under whom I have served, I desire personally to express my thanks for the many kindnesses you have bestowed upon me during the 30 years of your own distinguished service in the House, and to felicitate you upon being called to your present high office, the duties of which you will discharge impartially, and with fidelity to the best traditions of the House, and with great ability born of experience.

With assurances of both my esteem and my gratitude to you and to the Members of the House of Representatives, whom I am proud to regard as my friends, I am

Very sincerely,

WM. TYLER PAGE.

#### MESSAGE FROM THE PRESIDENT—INVESTIGATION OF BATTLEFIELDS IN THE UNITED STATES

The SPEAKER laid before the House the following message from the President, which was read, and with the accompanying papers, referred to the Committee on Military Affairs.

#### To the Congress of the United States:

In accordance with the provisions of the act of Congress approved June 11, 1926, entitled "An act to provide for the study and investigation of battlefields in the United States for commemorative purposes," I am transmitting a communication from the Secretary of War giving a detailed report of progress made under said act, together with his recommendation for further operations.

HERBERT HOOVER.

THE WHITE HOUSE, December 19, 1931.

#### EMPLOYMENT SERVICE, DEPARTMENT OF LABOR

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 142, with a Senate amendment.

The Clerk read the title of the joint resolution, as follows:

#### House Joint Resolution 142

Making an additional appropriation for the Employment Service, Department of Labor, for the fiscal year ending June 30, 1932.

The Clerk read the Senate amendment, as follows:

Page 2, line 2, strike out the language "Provided further, That after January 1, 1932, no salary shall be paid in any field employment office under the Employment Service at a rate in excess of \$2,000 per annum. Provided further, That this limitation shall not apply to the salary of any State director."

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, I offer the following amendment.



The Clerk read as follows:

That the House agree to the amendment of the Senate to the House joint resolution with the following amendment:

"In lieu of the matter stricken out insert the following:

"Provided further, That no salary shall be paid under this appropriation at a rate in excess of \$2,000 per annum."

Mr. LA GUARDIA. As I understood the proposition it would dislocate the administration of the entire service. A great many employees get over \$2,100. What the Secretary fears is that this will establish a reduction in the standard of wages.

Mr. BYRNS. Quite the contrary, I will say. The provision adopted by the House might have been so construed. But the gentleman will recall that that applied not only to the appropriation of \$120,000 but also to the appropriation for the current year under which 96 offices have been established. The Senate struck that provision out. This amendment simply provides that no salary paid under this particular appropriation shall exceed \$2,000, which is entirely acceptable and in accordance with the statement made by the Secretary of Labor before both the House and the Senate committee.

Mr. SNELL. This is more generous than that provision which passed the House.

Mr. LA GUARDIA. If the Secretary wants a \$2,100 man, this amendment proposes that he shall not pay in excess of \$2,000.

Mr. BYRNS. The Secretary of Labor does not propose to pay in excess of \$2,000 in any of the offices established under this appropriation. This simply puts into language the statement of the Secretary of Labor that not more than \$2,000 will be paid for any position under this particular appropriation of \$120,000. This does not relate to the appropriation of \$833,000 in the current law.

Mr. LA GUARDIA. The gentleman states the Secretary of Labor stated that he did not intend to pay any new officer under this appropriation over \$2,000.

Mr. BYRNS. The Secretary of Labor was asked what he proposed to do with the money if he received it, and he said that there were to be three in the office—a manager, an assistant manager, and a stenographer-clerk.

That they were to be paid \$2,000, \$1,800, and \$1,440, respectively. The Committee on Appropriations recommended that the appropriation be reduced to \$120,000, giving only 2 employees in about 27 offices, and giving him discretion to use 3 employees in the other offices. It left the question of salaries to him, having received his assurance in the hearings as to the maximum which would be paid. But the House, when the resolution was under consideration on the floor, adopted the amendment, with which the gentleman is familiar, restricting the Secretary of Labor in all the offices, those now in existence and those to be established.

Mr. CONNERY. Why did the committee cut down on certain offices and leave other offices with more help? Is there any particular reason for that? As I understand it, the committee cut down the estimate, which was \$168,000.

Mr. BYRNS. Yes.

Mr. CONNERY. The committee cut it down to \$120,000.

Mr. BYRNS. Yes. Out of these 96 offices there are 60 offices now which have only two employees.

Mr. CONNERY. The gentleman is satisfied that the Secretary of Labor is satisfied with this proposition?

Mr. BYRNS. It is exactly in line with his statement. I do not know whether he wants it written into the law or not.

Mr. SNELL. If it is in line with his statement, he ought to be satisfied.

Mr. BYRNS. Yes.

Mr. SUMMERS of Washington. In a good many of these offices there is only one employee in charge?

Mr. BYRNS. Yes.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. KELLER. Yesterday I happened to be in the Labor Office, as I frequently am, when this question came up, and the Assistant Secretary said to me that if this passed as it was with the amendment, it would affect services over in

another part, already established, that ought not to be affected, and they were much wrought up over it. Unless there is some excellent reason for this amendment, it seems to me that the amendment ought to be left out, and the resolution as passed by the Senate ought to be concurred in.

Mr. BYRNS. The House by a very large vote adopted the amendment which would have done just what the gentleman has said. The amendment which I propose does not affect those offices now established, which amount to 96. This amendment applies only to those offices which will be established under this new appropriation of \$120,000 and which are to continue only until July 1.

Mr. OLIVER of Alabama. And the Secretary stated to the committee, as the gentleman stated to the House, that \$2,000 and \$1,800 and \$1,440 would be the maximum pay.

Mr. BYRNS. Yes; for the personnel under these new offices.

Mr. SNELL. I would like to get the appointment of all of those jobs at those figures.

Mr. CONNERY. I do not want this to be the camel's nose under the tent, to reduce the Federal salaries.

Mr. BYRNS. This has no application to employees now on the roll. It applies simply to the new employees who will be put in under this appropriation of \$120,000.

The SPEAKER. The question is on the motion of the gentleman from Tennessee to concur in the Senate amendment with an amendment.

The motion was agreed to.

#### FEDERAL CONTRIBUTION TO DISTRICT OF COLUMBIA

Mr. MAPES. Mr. Speaker, I call up H. R. 6285, relating to the contributions of the United States toward defraying expenses of the District of Columbia, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Michigan calls up a bill, which the Clerk will report, and asks unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That so much of the District of Columbia appropriation act for the fiscal year ending June 30, 1923, approved June 29, 1922, as reads as follows: "That, annually, from and after July 1, 1922, 60 per cent of such expenses of the District of Columbia as Congress may appropriate for shall be paid out of the revenues of the District of Columbia derived from taxation and privileges, and the remaining 40 per cent by the United States, excepting such items of expense as Congress may direct shall be paid on another basis; and" (D. C. Code, title 20, sec. 670a), is repealed; and hereafter such expenses of the District of Columbia as Congress may appropriate for shall be paid out of the revenues of the District of Columbia, except that the United States shall make such contributions toward defraying such expenses as may be provided in the acts making appropriations therefor.

Mr. MAPES. Mr. Speaker, the so-called 60-40 law has been inoperative for several years; it is practically a dead letter. The Committee on Appropriations has been appropriating a lump contribution for the Federal Government for the expenses of the District government for some years. However, the 60-40 proportion is still the substantive law, and while the lump-sum provision has been held in order, it is thought it might be argued at any time that it is subject to the point of order. Therefore, we are asking to have the law repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed; and a motion to reconsider the vote by which the bill was passed was laid on the table.

#### AMENDMENT OF FEDERAL FARM LOAN ACT

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that all Members speaking on the land bank bill to-day be permitted to extend their own remarks in the RECORD for the next five legislative days.

The SPEAKER. Is there objection?

There was no objection.



Mr. FULMER. Mr. Speaker and gentlemen of the House, again we find the House passing legislation advocated by the President of the United States which has been heralded to the country as a relief measure for farmers indebted to the Federal land banks. But in reality this bill proposes direct relief to the holders of Federal land-bank bonds. I voted when the bill was up for consideration for every amendment offered by various Members proposing to amend section 4 of the bill so that farmers who are unable to pay their installments, due to no fault of theirs, would have further time; but every amendment was promptly voted down. I also voted, as the RECORD will show, for the amendment of my good friend and colleague, Mr. McKEOWN, which reads as follows:

On page 5, line 1, after the word "bank," insert the following: "It is directed for the period of one year to extend in whole or in part any installment or installments upon any mortgage that may be unpaid."

This amendment would have compelled the Federal land banks to extend payments to farmers, but it was also voted down, to the tune of 192 to 165. Under section 4 we have the following language:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period.

This, as you see, simply leaves it optional with the land banks and gives them no more power than they have now, under the original act. Knowing the policy of the Federal land banks under the rules and regulations of the Federal land bank board in the past, I venture the assertion that not 1 farmer out of 10 will receive any consideration under this section.

I am sure that every Member who voted for this legislation understands that there is not a line or a word in the bill that would force any land bank to extend farmers' payments. Let me quote from a speech of one of my colleagues:

I favor this legislation and want the men who enforce it to understand that it is the intent of Congress to see that relief is granted to the downtrodden farmers.

May I state that it was the intention of Congress that the marketing act and the Federal Farm Board, whose duty it was to enforce this act, give to the downtrodden farmers relief, but it has been so enforced under rules and regulations promulgated by the Federal Farm Board that, instead of giving farmers relief, farmers have been relieved of what little they had.

I am one Member of Congress who believes, from 10 years' experience it is getting time that the Congress write into legislation some of the rules and regulations governing same. In other words, put in the words, "Thou shalt," especially so when we find out of past experience in practically every instance when the President appoints the members of these Federal boards he appoints men who are a part of and interested in highly organized groups, that are able to dictate the interpreting of the law and the policy governing same. Listen to this statement I am quoting from the speech of my good friend and colleague [Mr. STEAGALL], chairman of the Banking and Currency Committee (the committee reporting this bill):

Mr. BRIGGS. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BRIGGS. I would like to ask the gentleman, in reference to section 4, if it is the intention of the committee [Banking and Currency] that this section providing for extension shall be liberally construed by the Federal Land Bank Board in the exercise of its discretion.

In other words, Mr. BRIGGS wants to know if it will be mandatory on the part of the board to grant extensions to farmers. Listen to the answer.

Mr. STEAGALL. I can not say what will be done by the Federal Land Bank Board under its rules and regulations.

I want to quote further from Mr. STEAGALL's speech, which I am sure will be sufficient to prove my contention as to whom this bill will relieve.

Mr. STEAGALL. In respect to the bonds [land-bank bonds] let me say now that there are many bonds carried by the banks and the investment public in this country which can not be realized upon simply because of the unusual conditions and because of the economic situation in which we are involved at this time.

May I state that my farmers during this year with but little assistance and in thousands of cases without any assistance from banks, but with a bountiful supply of sunshine and rain given to them by the One who deals fairly with all classes, produced good crops of cotton and corn, but they have had to sacrifice this good crop of cotton for 5 and 6 cents per pound and their corn for 30 cents per bushel.

In the meantime all that they have received at the hands of their Government and the Federal Farm Board is sympathy and the advice that they should plow up every third row of cotton. Certainly the President, international bankers, holders of these bonds, and Members of Congress should know that the staying of foreign debts, the relieving of international bankers and bondholders will not bring back normal prosperity.

I contend that we are simply soothing the pains of one limb of the body, so to speak, rather than perform the major operation whereby we may be able to bring real relief and a real cure for the serious economic situation that exists to-day. To my mind, the only way we will be able to restore normal prosperity will be to put the millions of unemployed to work at a fair wage and pass legislation establishing a new and up-to-date marketing and distributing system whereby thousands of middlemen that are sapping the very lifeblood out of farmers and consumers would be eliminated, and give the farmers a fair price for that which they produce. This will enable them to pay their honest obligations as well as restore the purchasing power of these people.

When we go back home for the Christmas holidays and our farmer constituents ask eagerly and hopefully, "Have you done anything to give us a fair price for our cotton and did you pass a bill requiring the Federal land banks to give us a little more time so that we may save the dear old home place?" let us tell them the real truth.

We will have to tell them that we passed legislation giving foreign countries 12 months and then 10 years to pay their present obligations due our Government, as well as a bill authorizing \$100,000,000 appropriation for the relief of holders of Federal land-bank bonds now in the hands of banks and the investing public.

Mr. FULLER. Mr. Speaker, ladies, and gentlemen, this entire bill, with the exception of section 4, was drawn by friends of the administration to carry out the recommendation of the President, and seeks to amend the Federal farm loan act only for the purpose of advancing \$100,000,000 for the purpose of buying shares of stock in the Federal land banks. It is contended that by the Secretary of the Treasury advancing this money it will increase the value of the bonds now outstanding and place the banks in a more substantial financial condition.

As a matter of fact, all the bonds outstanding are amply secured and will be paid at maturity, and no defaults have been made in the payment of any interest. It is true that these bonds are selling below par, but that is true of almost all bonds, including some of the United States Treasury certificates. The stock in these Federal land banks is owned principally by persons who have mortgaged their lands and have been required to use 5 per cent of their loan in buying stock. This money is being loaned by the Government to these banks without interest and is to be repaid only as loans are made to farmers and stock is sold, the money thus realized from the sale of stock to pay back the Government loan. This is no relief to the farmers, as those who are in dire need are those who already have land-bank mortgages upon their lands and are unable to meet their payments. The contention that this bill will help the farmers is simply a camouflage. If we want to help the farmers as we should, why not give them some direct legislation instead of giving the greater benefit of this loan to these land banks? No one is being hurt because these bonds are below par. The bonds are owned, to a great extent, by those who sought investment for the interest they collect and are assured of



their interest and principal at maturity by the 12 banks in the Federal land-bank system. The bonds pass as par as assets for depositories and in banks all over the country. This legislation is simply in the interest of big business and for the express purpose of using the Government's money to increase in value the outstanding bonds.

There is nothing in the measure that could help the depression.

Since the bill was originally drawn and introduced the committee to which it was referred has added, as an amendment, section 4, which provides:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period.

This amendment was inserted by the Democratic members of the committee, together with one Republican member, with all the other Republican members of the committee voting against it. This amendment, however, is already the law. The directors of these banks now have the authority to do exactly what this amendment provides, and in many instances the banks are pursuing this course where they can get additional security on crops, livestock, and so forth. It is claimed by the friends of the bill that the money so obtained from the Treasury will be loaned to the farmers. As a matter of fact, we all know, or at least believe, that is not the purpose of these land banks. Most of those who have been able to borrow from these land banks are suffering from the depression and unable to meet their payments. The farmers who are suffering from the depression and are able to live are not clamoring for an opportunity to borrow on their farms. The value of their farms has so depreciated no one wants such an investment, and the large banks refuse to carry as assets or security on loans mortgages on real estate. What we need to do is to grant relief to those who are entitled to and seeking relief, instead of giving an opportunity for others to borrow and get in the same condition.

We have given to the European countries an extension of time for the payment of their war debts to us in the form of a moratorium. Why not give this same relief to the farmers of this country, especially those who are unable to meet their payment to the Federal land banks?

While we are passing a law under the claim of helping the farmers, why not give them direct aid and pass a law that has some teeth in it, instead of passing a law leaving it to the directors of these land banks to do what they are now permitted to do. Section 4 of the bill should be so amended as to direct the Federal land banks, for a period of one year, to extend in whole or in part any installment or installments upon any mortgage that may be unpaid. There are now only approximately \$12,000,000 of installment payments delinquent, and many of these will be paid. Even if we were to use \$25,000,000 of this money for granting extensions of time to the farmers who are unable to meet their installment payments, we would still have \$75,000,000 left for the purpose of increasing the price of the outstanding bonds. We would then be granting relief where relief is really needed. Simply to pass a law to increase the value of bonds would mean that those who have purchased these bonds from 75 to 90 cents on the dollar would reap a handsome profit. The farmers, for whose benefit this law was originally passed, would reap none of the benefits and get no relief. It was never the intention of the administration and its friends to enact a law for the direct relief of the farmers; their only purpose is to benefit big business. When the farmers fail to prosper, those in the cities feel the effects of hard times.

Farm-land mortgages are being foreclosed every day and will continue to be unless we grant some relief. Under the terms of this bill, unless an amendment is adopted to section 4, no relief will be granted or extended to those deserving of and seeking relief. The president of these 12 Federal farm-loan banks is not only opposed to section 4 as con-

tained in this bill but is opposed to any amendment, as we ascertain from the expression of his friends on the other side of the aisle, many of whom are momentarily conferring with him. His action is indicative of the fact that this money is not being obtained for the real aid and relief of the farmers but for the benefit of the banks and to increase the value of their bonds. It is claimed that he states that these bonds will be met at maturity, and we know this is true, because they have sufficient mortgages with which to pay them, in addition to the 28,000,000 acres of land that these banks own by reason of foreclosures.

Due to the influence of this administration, Europe was granted relief from the payment of this year's war debt and asked to make the payment in future installments over a period of 10 years. Why not a moratorium for these farmers for one year?

The committee claims the bill is the best it could agree upon. Such an agreement is a confession of lack of leadership. How can one explain to a farmer needing relief on his past-due mortgage why he should not be granted a breathing spell when such relief is given to big business and to Europe?

It will be interesting to note those who vote against amending this bill so as to afford some real relief. It will be more interesting to hear their explanations to the despondent and depressed farmers.

The worst assets for these banks are lands on which they must pay taxes and other expenses. Add to this the depreciation from nonhome occupancy, waste, and injury to improvements, all resulting from foreclosure. On the other hand relief for 1-year payments and the owners' occupancy means better morale for the community, better business for the trading centers, and tends to a building up rather than a tearing down. Give the depressed farmer a chance to make good and thus instill faith and ambition to assist in overcoming this great panic, rather than throw him and his loved ones in the public road, adding to the millions of unemployed. His home is dear to him and, if given a chance such as this administration gives to Europe and big business, he will make good.

Why do the Federal land banks' officials and their Republican spokesmen oppose this weak section 4, inserted by the committee? Simply because they do not intend to make extensions. Then why not amend this section to make it mandatory?

They are seeking the entire relief for their bondholders and intend to grant no relief to the delinquent farmers.

This bill is exactly as recommended by President Hoover and drawn by his "yes men." The reactionary Republicans are for it to a man. It does not seek to cure the sore but treats the symptoms rather than the disease. Experience should teach us to study well the administration's pet measures and to take no chances without safeguards. Are the measures workable and in the interest of big business, or for those needing relief? Unless relief is demanded in the law it will be administered like the Farm Board, where \$250,000,000 of the Government's money has been squandered and lost in the name of farm relief, and where officials draw salaries as high as \$75,000 annually. What a shame. It is no worse in principle than this measure.

If breakfasts at the White House for committees, telegrams, letters, and personal influence are going to result in such legislation, those who favor relief for the masses as against special powerful interests might as well go home and let the Republican minority in the House carry on the Hoover program. In the light of the past, it is reasonable to conclude it will not be for the unemployed, the farmer, laborer, veterans, small banker, or business man, but the international bankers, bondholders, and highly protected interests will not be overlooked.

I realize one who disagrees with a committee's recommendation and demands direct relief for the oppressed farmer is considered radical or to be practicing demagoguery, but the world knows it takes radical measures to extricate us from the present financial depravity.

I can not believe the Senate will permit the taxpayers' money to be used to boost the bond prices of favored banks



without demanding direct relief to the delinquent farm borrower.

#### PAY OF EMPLOYEES

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent for the present consideration of a resolution which would permit the employees of the House to be paid upon the 21st day of December, before the Christmas holidays, instead of at the end of the year, which would follow the custom of a great many years.

Mr. RAINEY. Mr. Speaker, reserving the right to object, I call the attention of my friend to the fact that we had an election recently resulting in a change in the control of this House.

These patronage employees here are rapidly leaving their places. That is the fortune of politics. They go along with the election. It might happen that somebody would be appointed in their place, and they would be out and get a vacation anyway, but the man who was appointed might serve several days without any pay.

Mr. LAGUARDIA. Not at all, if the gentleman please.

Mr. RAINEY. Why not?

Mr. LAGUARDIA. Suppose they are dropped a few days before the first of the month, and are given a few days' pay; that certainly is little enough consolation for going out in the cold world in these times of depression, and of course the new employee will be paid.

Mr. RAINEY. There will be a lot more going out in the cold world after the elections next fall, so they might as well get used to it.

Mr. SIMMONS. These same ones will be going out again.

Mr. LAGUARDIA. The employees have all made their arrangements and planned on this, and it will be a hardship for some of them if they are not paid. Some of them will not be able to go home.

Mr. RAINEY. Mr. Speaker, I am sorry, but I must object.

#### ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I interrogate the gentleman from Illinois as to the order of business on next Monday? As I understand, there is nothing coming up on Monday or Tuesday except noncontroversial matters—some one desiring to address the House?

Mr. RAINEY. The gentleman is right about that. There is nothing controversial to be taken up. We will undoubtedly go into Committee of the Whole House on the state of the Union for the further consideration of the President's message, and simply have speeches on Monday and Tuesday.

#### OIL MONOPOLY—TARIFF

Mr. MCGUGIN. Mr. Speaker, I ask unanimous consent to extend my remarks on the oil tariff.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MCGUGIN. Mr. Speaker, ladies and gentlemen of the House, the independent oil industry for nearly two years has been begging the Congress for protection from free imported oil. The independent oil industry has been telling the Congress and the country that four great oil companies, Standard Oil of Indiana, Standard Oil of New Jersey, Gulf, and Shell, were deliberately wrecking the American oil industry and driving the American oil industry into bankruptcy.

The Congress and the country have been prone to believe that the interests of the country were on the side of imported oil and that the true interests of the Nation as a whole were not in common with the interests of the independent oil industry. The independent oil industry in vain has been trying to tell the Congress and the people that the oil industry was being monopolized and that all independent competition was being driven out of business. The few monopolistic oil companies have not only welcomed but have been forcing the present bankruptcy of the oil industry. These companies are taking advantage of the situation in order to buy up the oil industry of this country at bankrupt prices. In actual practice, they are doing little less than stealing the oil industry of the country from individual

citizens of the Nation. The importation of foreign oil in competition with the American oil is making it possible to bring about this bankrupt condition. Common experience teaches us that when the oil industry is completely controlled and monopolized by a few companies, the gaso-line-consuming public will be bled white.

Congress and the people in the non-oil-producing States have not been inclined to accept this fair warning from those of us of the independent oil industry. The Congress and the people have depreciated our honest pleas with the thought that we were only serving our own selfish interests. Certainly the Congress and the people of the country are willing to accept a plea of guilty on the part of these monopolistic companies that they are at this time deliberately taking advantage of the distressed condition in the oil industry and buying up their independent competition.

According to an article in the New York Times of to-day, December 18, 1931, the Gulf Oil Co., one of the four great importers, enters its plea of guilty to carrying on a campaign of piracy to destroy the great independent oil industry. The article in the Times is as follows:

#### SPECIAL TO THE NEW YORK TIMES

PITTSBURGH, PA., December 18.—The Gulf Oil Corporation has taken advantage of the depression to increase its extensive holdings by buying additional oil lands and refineries at bargain prices, an official of the company said to-day in explaining omission of the dividend on its capital stock. He said the passing of the dividend was a difficult step to take, but he predicted that it would be recognized as the most desirable policy for the stockholders from a long-range viewpoint. The Mellon family has large holdings in the company.

Gulf's large surplus, accumulated through years of big profits and small dividends, is represented by new oil wells, new pipe lines, new refineries, and new distributing units and not by cash. It is shown that Gulf is not only completing expansion started in the last year, but is taking advantage of the demoralized condition of the industry and is picking up distressed properties that will have great value when overproduction is ended.

Purchases being made by Gulf are not confined to any particular phase of the oil industry. They are in the distributing as well as the producing end of the business. Every acquisition is being made in considering the future and not the immediate return.

No estimate of the results of Gulf Oil for the present year can be made at this time. Reports must be received from Mexico, Venezuela, various parts of Europe, and the Far East before earnings can be known.

The New York Times is a free-trade paper; it is an international paper rather than a national paper. It has always opposed a tariff on oil; therefore, I take it that no one will question the validity of this article since it appeared in the New York Times. This brazen, defiant statement of the Gulf Co. is in perfect keeping with the public advertisement on March 13, 1931, of the Republic Shares Corporation, of Chicago, Ill. This corporation was interested in Standard Oil stocks. To prove to prospective stockholders that Standard Oil stock would be profitable, it stated that the Standard Oil companies were fast grabbing up the oil industry in this country. That advertisement was as follows:

#### THE OIL SITUATION

The time to push our Standard Oil Trust is now. Papers refer to the present situation as a "crisis in the oil business." Do not let yourself be disturbed by that. It is just when these cries do occur that Standard Oil gets the benefit of its dominating position.

We want you to bear in mind that the crisis is not for the Standard Oil companies, but rather for the independent producers and also for numerous of the good-sized concerns—the latter being concerns whose activities do not cover every angle of the oil business, such as is the case with the Standard Oil Co.

The so-called "crisis" is brought about by reason of the fact that for years the independents and those concerns who confine themselves to producing oil, have gone hog-wild in driving more wells and bringing in more oil than the world could consume. When these independents and other producers heretofore could not get a good market for their oil, they always turned for an outlet to Standard Oil Co. because of its millions of cash reserves and because of its storage facilities. Therefore, when the price got sufficiently low to interest the Standard Oil, it would step into the market and buy, and later on, as the market improved, it would sell.

This, therefore, is the time to push our Standard Oil Trust and to make valuable friends while so doing.

In the light of these two public statements this Congress and the people of the United States can not permit this ses-



sion of Congress to adjourn without protecting the American market for the American oil industry unless this Congress and the people of the United States are perfectly willing to permit one of the four largest of American industries to be owned and controlled by a few monopolistic companies. If the American oil industry is monopolized, it will be more powerful than the Government. It will be powerful enough to rob the people, and it will be powerful enough to control and dominate government. Through the medium of spreading false propaganda the four great importing companies are now almost large enough to control and dominate government; at least, they are large enough to mislead the people and to mislead the Congress and thereby to attain their will.

#### THE OIL TARIFF

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the oil tariff and to insert two short articles.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. DISNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following articles published in the Washington Post December 19, 1931, entitled "Oil Output Slash Expected at Once," and in the New York Times December 18, 1931, entitled "Gulf Oils Dividend Put Into Bargains":

[From the Washington Post, December 19, 1931]

#### OIL OUTPUT SLASH EXPECTED AT ONCE—ACTION TO BALANCE MARKET IS DUE FOLLOWING PARLEY OF TRADE LEADERS

ST. LOUIS, December 18 (A. P.).—Reduction in production of crude oil to bring operations in the industry in line with consumption, and thus prevent further price reductions and general demoralization, is expected immediately as a result of the 2-day meeting of the directors of the American Petroleum Institute, which ended late to-day.

No general agreement was made, it was announced, nor was the problem, said by leaders to be the most acute the industry ever faced, approached with that in view, because such an agreement would violate the antitrust laws. Leading companies, however, announced individually they would shut down Sundays in the flush fields, principally in Texas, with a view to reducing production 1,400,000 barrels a week. This will be necessary to stave off a further reduction after the first of the year of about 40 cents a barrel in the mid-continent area, leaders said.

The Humble Oil & Refining Co., with about 100,000 barrels production a day, and one of the largest in Texas, together with the Sun Oil Co., took the lead in announcing the Sunday shut-down policy, effective at once. The Ohio Oil Co., which operates in Texas, Oklahoma, Kansas, and other States; the Phillips Petroleum Co.; and the Sinclair Consolidated Oil Corporation followed suit with similar announcements.

[From the New York Times, December 18, 1931]

#### GULF OIL'S DIVIDENDS PUT INTO BARGAINS—COMPANY OMITTED PAYMENT TO PICK UP PROPERTIES AT LOW PRICES, OFFICIAL SAYS

PITTSBURGH, December 18.—The Gulf Oil Corporation has taken advantage of the depression to increase its extensive holdings by buying additional oil lands and refineries at bargain prices, an official of the company said to-day in explaining omission of the dividend on its capital stock. He said the passing of the dividend was a difficult step to take, but he predicted that it would be recognized as the most desirable policy for the stockholders from a long-range viewpoint. The Mellon family has large holdings in the company.

Gulf's large surplus, accumulated through years of big profits and small dividends, is represented by new oil wells, new pipe lines, new refineries, and new distributing units and not by cash.

It is shown that Gulf is not only completing expansion started in the last year but is taking advantage of the demoralized condition of the industry and is picking up distressed properties that will have great value when overproduction is ended.

Purchases being made by Gulf are not confined to any particular phase of the oil industry. They are in the distributing as well as the producing end of the business. Every acquisition is being made in considering the future and not the immediate return.

The annual dividend requirements on 4,525,221 shares of Gulf Oil capital stock outstanding amounted to \$6,737,831, at the rate of \$1.50 a share, when payment was discontinued at the last meeting of directors. The directors felt it would be better to take advantage of the bargains in properties than to pay this money out to stockholders in 1932. The policy of Gulf Oil during its entire existence has been to consider the development of the organization as a matter of greater importance than current dividend payments.

No estimate of the results of Gulf Oil for the present year can be made at this time. Reports must be received from Mexico,

Venezuela, various parts of Europe, and the Far East before earnings can be known. It is generally believed, however, that profits will be smaller than dividends paid for the year.

#### THE PHILIPPINE PROBLEM A MAJOR AMERICAN PROBLEM

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to extend my remarks on the Philippine problem.

The SPEAKER. Is there objection to the request of the Delegate from the Philippine Islands?

There was no objection.

Mr. OSIAS. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert the following address delivered by me on the opening day of the Progressive Conference, held at Washington, D. C., March 11, 1931:

When the Resident Commissioners from the Philippine Islands received the kind invitation of Senators NORRIS, COSTIGAN, LA FOLLETTE, WHEELER, and CUTTING to this conference, we accepted it with alacrity, and I wish now to take the opportunity to express on behalf of the people whom we represent our gratitude. We did not hesitate to accept the invitation, because we felt that our inclusion in the list of those who were honored with invitations was prompted by the conviction that the Philippine question has a direct bearing on the problems presented for consideration. The early solution of American-Philippine relations, indeed, is wrapped up with the question of tariff, agricultural relief, unemployment, and industrial stabilization, and even the question on return to representative government. The Philippine problem should be considered a major American problem.

The very able address on the tariff by Senator COSTIGAN, to which we have just listened, made reference to the Philippines in relation to the tariff on sugar. During the past few years the beet and cane sugar interests of the United States have been pressing the claim that Philippine sugar is a menace to their interests. From the sugar States emanated the proposal to limit the importation of Philippine sugar duty free to the United States. Later the agitation became widespread and took the form of limiting or taxing sugar, coconut oil, and other products from the Philippine Islands. All these conclusively prove how intimately connected the Philippine question is with the tariff problem.

More recently the dairy interests, especially in connection with the legislative measure amendatory to the old oleomargarine act, have come to realize that Philippine coconut oil competes with the dairy products of this country. Those interested in vegetable oil and cottonseed oil likewise have come to look upon the Philippines as a serious competitor. The National Grange, the Farm Bureau Federation, the milk and dairy-products associations, and other agricultural interests of this country have come out in favor of granting independence to the Philippine Islands as a means of relief to American agriculture. I wish to assure them that my people rejoice in their stand for Philippine freedom. Let there be no mistake about the position of my people. We value freedom more than tariff protection. We, of course, object most strenuously to the imposition of duty on the products of the Philippine Islands while they are retained under the American flag and while all American products enter the Philippine market free of duty and without limit.

I desire to invite attention to the fact that the solving of the Philippine problem would be an effective means of partially bringing relief to American labor and solve once for all the question of immigration from the Philippines to the United States without resorting to the obnoxious proposals of effecting Filipino exclusion and Filipino restriction while the Philippines remains under the United States.

The Philippine problem, furthermore, is not only intimately linked with the problem of the tariff, the problem of American agriculture, and with your problems of labor and immigration, but it is very vitally related to the problem of unemployment. By turning us loose this country could save from one source the amount of four to ten million dollars annually, an amount which would go a long way toward relieving unemployment in this country. The Secretary of War has admitted a saving of over \$4,000,000 a year for military garrisons should the Philippines be granted independence.

I would like to remind you also that the petition of the Filipino people for independence is in thorough accord with the Republican policy enunciated from McKinley to Coolidge; it is in accord with the platform of the Democratic Party, which in 1924 included in its plank the following pronouncement:

"The Filipino people have succeeded in maintaining a stable government and have thus fulfilled the only condition laid down by Congress as prerequisite to the granting of independence. We declare that it is now our liberty and our duty to keep our promise to these people by granting them immediately the independence which they so honorably covet."

I wish particularly to remind the men and women of this conference that the Progressive Party, under the leadership of the great La Follette who has gone to the Great Beyond, that stalwart defender of freedom and friend of the poor and the oppressed, definitely approved the declaration couched in these words:

"Resolved, That we favor the immediate and complete independence of the Philippine Islands, in accordance with the pledges of official representatives of the American people."

For 15 long years no positive, constructive legislation has been enacted definitely to solve the Philippine problem. I plead for



definite action on the Philippine question. High moral considerations require it; the labor interests demand it; agricultural organizations need it; those interested in the tariff want it. All the American political parties are pledged to grant us our independence. We have for years been pleading, petitioning, praying and laboring for a definite settlement of the Philippine problem. Why this apathy? Why delay? I ask you on behalf of my people to do what you can to help bring the Philippine question to the fore and secure appropriate action. I earnestly hope that the members of this conference, composed as it is of men and women progressive and liberal minded, will not join the disciples of inaction but become apostles of salvation.

#### SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows:

S. 655. An act declaring December 26, 1931, and January 2, 1932, to be legal holidays in the District of Columbia; to the Committee on the District of Columbia.

#### ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 141. A joint resolution to provide additional appropriations for the Veterans' Administration for the fiscal year ending June 30, 1932.

#### ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Thereupon (at 5 o'clock and 57 minutes p. m.) the House adjourned until Monday, December 21, 1931, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

312. A letter from the Secretary of the Navy, transmitting draft of a proposed bill "To provide for the reimbursement of certain civilian employees of the naval operating base, Hampton Roads, Va., for the value of tools lost in a fire on Pier 7, at the naval operating base, on May 4, 1930"; to the Committee on Claims.

313. A letter from the Secretary of the Navy, transmitting draft of a proposed bill "For the relief of the Western Electric Co. (Inc.)"; to the Committee on Claims.

314. A letter from the Secretary of the Navy, transmitting draft of a proposed bill "For the relief of Dr. M. M. Brayshaw"; to the Committee on Claims.

315. A letter from the Secretary of the Navy, transmitting proposed draft of a bill "For the relief of Jasper D'Aleo"; to the Committee on Claims.

316. A letter from the Secretary of the Navy, transmitting draft of a bill to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith, approved June 24, 1926, with reference to the number of enlisted pilots in the Navy"; to the Committee on Naval Affairs.

317. A letter from the Secretary of the Navy, transmitting draft of a bill "To authorize the appointment of a board of arbitrators to determine royalties on torpedoes"; to the Committee on Naval Affairs.

318. A letter from the Secretary of War, transmitting draft of a bill to regulate the conduct and administration of military arsenals, Air Corps depots, and other War Department activities and property, and for other purposes; to the Committee on Military Affairs.

319. A letter from the Secretary of the Treasury, transmitting report of an accumulation of papers which are not needed in the transaction of public business and have no permanent value or historical interest; to the Committee on the Disposition of Useless Executive Papers.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DALLINGER: Committee on Expenditures in the Executive Departments. H. R. 927. A bill for the relief of the estate of Franklin D. Clark; without amendment (Rept. No. 12). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CRISP: A bill (H. R. 6391) to provide for the collection of customs duties on certain articles coming from the Philippines, and to provide that the duties collected shall be turned over to the Philippines; to the Committee on Ways and Means.

By Mr. FREE: A bill (H. R. 6392) to provide for the free transmission in the United States mails of manuscript in raised characters transcribed by blind persons, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. HASTINGS: A bill (H. R. 6393) authorizing and directing that 5 per cent of any amount or amounts hereafter appropriated to pay judgment or judgments in favor of the Cherokee Indians by the Court of Claims be paid to Frank J. Boudinot in full for his services and expenses for and on behalf of said Indians, prior to July 19, 1923, and for other purposes; to the Committee on Indian Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 6394) amending an act entitled "An act authorizing the State of West Virginia by and through the State Bridge Commission of West Virginia, or the successors of said commission, to acquire, purchase, construct, improve, maintain, and operate bridges across the streams and rivers within said State, and/or across boundary-line streams or rivers of said State," approved March 3, 1931; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of South Dakota: A bill (H. R. 6395) to grant compensation, disability allowance, or pension to enlisted men retired from the Army, Navy, Marine Corps, Coast Guard, and transferred members of the Fleet Naval and Marine Corps Reserve; to the Committee on Military Affairs.

Also, a bill (H. R. 6396) to grant equality in domiciliary care to retired enlisted men of the Army, Navy, Marine Corps, Coast Guard, and enlisted men transferred to the Fleet Naval and Marine Corps Reserve; to the Committee on Military Affairs.

By Mr. SWANK: A bill (H. R. 6397) to provide for the acceptance of a donation of land on the campus of the University of Oklahoma, and the construction thereon of suitable buildings and appurtenances for an institution for higher education of American Indians and their descendants, and for other purposes; to the Committee on Indian Affairs.

By Mr. BURCH: A bill (H. R. 6398) providing for a site and public building for a post office at Galax, Va.; to the Committee on Public Buildings and Grounds.

By Mr. DAVILA: A bill (H. R. 6399) to extend to Porto Rico the benefits of the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes, approved July 11, 1916"; to the Committee on Roads.

By Mr. GOLDSBOROUGH: A bill (H. R. 6400) to restrict chain and branch banking, to amend the national bank act and the Federal reserve act, and for other purposes; to the Committee on Banking and Currency.

By Mrs. NORTON of New Jersey: A bill (H. R. 6401) to amend section 8 of the act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1914, and for other purposes, approved March 4, 1913; to the Committee on the District of Columbia.

Also, a bill (H. R. 6402) to further regulate banking, banks, trust companies, and building and loan associations in the



District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. CROWE: A bill (H. R. 6403) to assure that preference be given in Government employment to disabled service-connected veterans; to the Committee on the Civil Service.

By Mr. HARLAN: A bill (H. R. 6404) to amend section 10 of the act of May 29, 1928 (45 Stat. 1008; U. S. C. Supp.—title 1, sec. 59); to the Committee on Revision of the Laws.

By Mr. VINSON of Georgia: A bill (H. R. 6405) to provide for the payment of allowances and gratuities to naval prisoners; to the Committee on Naval Affairs.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 6406) to extend the time within which suits may be brought on yearly renewable term insurance; to the Committee on World War Veterans' Legislation.

By Mr. McCLINTOCK of Ohio: Joint resolution (H. J. Res. 153) authorizing the distribution of Government-owned wheat to States or organizations for relief of people in distress; to the Committee on Agriculture.

By Mrs. NORTON of New Jersey: Joint resolution (H. J. Res. 154) to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. BARTON: Joint resolution (H. J. Res. 155) for the relief of farmers by extending the time for payment of loans made under S. J. Res. 211 of the Seventy-first Congress; to the Committee on Agriculture.

By Mr. McLEOD: Joint resolution (H. J. Res. 156) to amend section 113, title 39, of the United States Code; to the Committee on the Post Office and Post Roads.

#### MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By Mr. AMLIE: Memorial of the Legislature of the State of Wisconsin, urging Congress to float a \$5,000,000,000 bond issue in aid of the unemployed; to the Committee on Ways and Means.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AMLIE: A bill (H. R. 6407) granting an increase of pension to Sarah J. Crichfield; to the Committee on Invalid Pensions.

By Mr. BLACK: A bill (H. R. 6408) for the relief of Harry Hewston; to the Committee on Claims.

By Mr. BLAND: A bill (H. R. 6409) for the relief of William Joseph La Carte; to the Committee on Naval Affairs.

By Mr. BOLAND: A bill (H. R. 6410) for the relief of Nell Mullen; to the Committee on Claims.

By Mr. BRAND of Ohio: A bill (H. R. 6411) granting an increase of pension to Elizabeth Patton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6412) granting an increase of pension to Sarah A. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6413) granting an increase of pension to Isadora S. Crane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6414) granting a pension to Frederika Bushong; to the Committee on Invalid Pensions.

By Mr. BROWNING: A bill (H. R. 6415) granting a pension to Sarah E. Nolen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6416) for the relief of Elmer Eugene Derryberry; to the Committee on Military Affairs.

Also, a bill (H. R. 6417) for the relief of Jack Brooks Clay; to the Committee on Military Affairs.

Also, a bill (H. R. 6418) granting a pension to Lue A. Yarbrough; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6419) to correct the record of Howard Lowery; to the Committee on Military Affairs.

Also, a bill (H. R. 6420) granting an increase of pension to Edward Eason; to the Committee on Pensions.

Also, a bill (H. R. 6421) to declare Margaretha Vandebrook the beneficiary of John J. Vandebrook; to the Committee on Pensions.

Also, a bill (H. R. 6422) granting an increase of pension to Mary E. Cole; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 6423) granting an increase of pension to Minnie M. Davis; to the Committee on Invalid Pensions.

By Mr. CHINDBLOM: A bill (H. R. 6424) granting jurisdiction to the Court of Claims to hear the case of David A. Wright; to the Committee on War Claims.

By Mr. COCHRAN of Missouri: A bill (H. R. 6425) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus; to the Committee on the Judiciary.

By Mr. CONNERY: A bill (H. R. 6426) to award the distinguished-flying cross to John L. Polando and Russell N. Boardman; to the Committee on Military Affairs.

By Mr. CRAIL: A bill (H. R. 6427) for the relief of Charles Mullikin; to the Committee on Military Affairs.

By Mr. CROWE: A bill (H. R. 6428) granting a pension to George E. Hilgert; to the Committee on Invalid Pensions.

By Mr. CULKIN: A bill (H. R. 6429) granting an increase of pension to Mary Hillman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6430) granting a pension to Delila Bowman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6431) granting an increase of pension to Mary Coombs; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6432) granting an increase of pension to Emogene Allen; to the Committee on Invalid Pensions.

By Mr. DOUGHTON: A bill (H. R. 6433) granting an increase of pension to Mollie E. Greer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6434) granting a pension to Minnie Phillips; to the Committee on Pensions.

Also, a bill (H. R. 6435) authorizing the relief of the McNeill-Allman Construction Co. (Inc.), of W. E. McNeill, Lee Allman, and John Allman, stockholders of the McNeill-Allman Construction Co. (Inc.), and W. E. McNeill, dissolution agent of McNeill-Allman Construction Co., to sue in the United States Court of Claims; to the Committee on Claims.

By Mr. EATON of Colorado: A bill (H. R. 6436) to authorize the issuance of patent for certain lands in the State of Colorado to Ernst Koch; to the Committee on the Public Lands.

Also, a bill (H. R. 6437) to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; to the Committee on the Public Lands.

By Mr. FINLEY: A bill (H. R. 6438) for the relief of William F. Catching; to the Committee on Military Affairs.

By Mr. GARBER: A bill (H. R. 6439) for the relief of Bernard Reams; to the Committee on Military Affairs.

By Mr. GILLEN: A bill (H. R. 6440) granting an increase of pension to Virgil O. Adams (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH: A bill (H. R. 6441) providing for an examination and survey of the Chesapeake & Delaware Canal at Chesapeake City, Md., with a view to providing a commercial and general anchorage basin; to the Committee on Rivers and Harbors.

By Mr. HART: A bill (H. R. 6442) for the relief of Frank B. Conklin; to the Committee on Military Affairs.

Also, a bill (H. R. 6443) for the relief of Hobert B. Alcorn; to the Committee on Military Affairs.

By Mr. HILL of Alabama: A bill (H. R. 6444) authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Alabama Society of Fine Arts the silver service presented to the United States for the U. S. S. *Montgomery*; to the Committee on Naval Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 6445) granting a pension to Harriett Lounsbury; to the Committee on Pensions.



Also, a bill (H. R. 6446) for the relief of Willie G. Chapman; to the Committee on Military Affairs.

Also, a bill (H. R. 6447) granting an increase of pension to Malinda J. Jacobs (with accompanying papers); to the Committee on Invalid Pensions.

Also, a bill (H. R. 6448) granting a pension to Nancy Gillespie (with accompanying papers); to the Committee on Invalid Pensions.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 6449) for the relief of Lettie Leverett; to the Committee on Claims.

By Mrs. KAHN: A bill (H. R. 6450) for the relief of Thaddeus C. Knight; to the Committee on Military Affairs.

By Mr. KETCHAM: A bill (H. R. 6451) granting the consent of Congress to the State of Michigan and Berrien County, or either of them, to construct, maintain, and operate a bridge across the St. Joseph River; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 6452) granting an increase of pension to Mary J. Welch; to the Committee on Invalid Pensions.

By Mr. KVALE: A bill (H. R. 6453) granting a pension to Trina H. Anderson; to the Committee on Invalid Pensions.

By Mr. LAMNECK: A bill (H. R. 6454) for the relief of Ribble Johnson; to the Committee on Claims.

By Mr. LAMBERTSON: A bill (H. R. 6455) for the relief of Charles W. Peppers; to the Committee on Claims.

By Mr. LAMBETH: A bill (H. R. 6456) to release the city of Rockingham, N. C., from the obligation of providing at its own expense a place for holding United States district court; to the Committee on the Judiciary.

By Mr. LEWIS: A bill (H. R. 6457) to give status of an enlisted man in the Navy of the United States and an honorable discharge therefrom to John Peter Jens Duhn, an operative in naval intelligence of the Navy Department from December 1, 1916, to March 1, 1919, and for hospitalization and medical treatment and to place him on the emergency officers' retired list; to the Committee on Naval Affairs.

By Mr. LONERGAN: A bill (H. R. 6458) to pay certain claims heretofore reported to Congress by the Secretary of War arising from the explosions and fire at the plant of the T. A. Gillespie Loading Co., at Morgan, N. J., October 4 and 5, 1918; to the Committee on War Claims.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 6459) granting an increase of pension to Hannah Johnston; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H. R. 6460) for the relief of Claude Cyril Langley; to the Committee on Military Affairs.

Also, a bill (H. R. 6461) for the relief of Frank D. Whitfield; to the Committee on Military Affairs.

By Mr. MAJOR: A bill (H. R. 6462) for the relief of Martin Wolf; to the Committee on Claims.

Also, a bill (H. R. 6463) granting an increase of pension to Mary A. Graham; to the Committee on Invalid Pensions.

By Mr. NELSON of Missouri: A bill (H. R. 6464) granting a pension to Frederick Boller; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 6465) granting an increase of pension to Dora Nosler; to the Committee on Invalid Pensions.

By Mr. ROMJUE: A bill (H. R. 6466) to authorize the appointment and retirement of Evelyn Briggs Baldwin in the grade of captain in the Navy in recognition of his patriotic and scientific services, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H. R. 6467) granting a pension to Kate C. Fore; to the Committee on Invalid Pensions.

By Mr. SOMERS of New York: A bill (H. R. 6468) for the relief of the Union Shipping & Trading Co. (Ltd.); to the Committee on War Claims.

By Mr. SUMNERS of Texas: A bill (H. R. 6469) for the relief of W. M. Winn; to the Committee on Claims.

By Mr. SWING: A bill (H. R. 6470) for the relief of John Gustav Baisch; to the Committee on Naval Affairs.

By Mr. WHITE: A bill (H. R. 6471) granting an increase of pension to Margaret Welsh; to the Committee on Invalid Pensions.

By Mr. WHITLEY: A bill (H. R. 6472) granting a pension to Emma Grannis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6473) granting an increase of pension to Fannie H. Hadley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6474) granting an increase of pension to Rosalia M. Burroughs; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Missouri: A bill (H. R. 6475) to correct the military record of Alexander Surrell; to the Committee on Military Affairs.

By Mr. WYANT: A bill (H. R. 6476) granting an increase of pension to Sibbie McClarran; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: Resolution (H. Res. 77) providing for an additional assistant clerk and two expert stenographers to the Committee on Invalid Pensions; to the Committee on Accounts.

By Mr. POLK: Resolution (H. Res. 78) to pay Mrs. David L. Thomas, widow of David L. Thomas, late an employee of the House, a sum equal to six months' salary and an additional sum of \$250 for funeral expenses; to the Committee on Accounts.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

179. By Mr. GREENWOOD: Petition of Charles F. Pectol and 101 other citizens of Owen County, Ind., for the passage of a bill that the Federal Government guarantee all funds, private, State, or funds of any kind that are on deposit in any Federal bank, trust company, or any Federal banking institution against any loss in any way to the individual, company, State, or anyone else having funds on deposit in any of the said institutions under Federal control; to the Committee on Banking and Currency.

180. By Mr. HOGG of West Virginia: Petition of the Business Men's Club of Rainelle and Meadow Bluff district, recommending the plan for forming a system of mortgage-discount banks; to the Committee on Banking and Currency.

### SENATE

MONDAY, DECEMBER 21, 1931

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

O Thou who at sundry times and in divers manners didst speak unto the fathers by the prophets and who in the fullness of time hath spoken unto us through Thine own Son, reveal to our weakness and distress the power and grace of life betokened by His coming to a weary, waiting world.

Renew in us the purity and innocence of childhood, the flaming zeal of youth, the patient temper of life's ripper years, that we, rejoicing in the light that shines about our pathway from the cradle to the grave, may brighten sadness, cheer the faint, raise the fallen, and make happiness abound. Enable us to carry hence the inward peace and strength that now are ours, that by walking in Thy presence here a while we may learn to walk more patiently with man. We ask it in the name of Him who hath walked this way before, Jesus Christ our Lord. Amen.

#### THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of Saturday last, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hattigan, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 6172. An act to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes; and